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CIA HISTORICAL REVIEW PROGRAM
RELEASE AS SANITIZED

PROJECT PBSUCCESS

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ON
PROJECT PBSUCCESS
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PROJECT PBSUCCESS

A
FOREWORD

This Project represents a historical departure from the international tradition of the United States Government and the first positive, successful measure short of direct intervention, to thwart the aggressive actions of the Soviet Union in this era known as the "Cold War."

Competent authority declared that the "Soviet Beachhead" in Guatemala represented a threat to the welfare of the United States. The CIA had been assigned the responsibility, on a Top Operational Priority basis, to remove the Communist-dominated government and replace it with a friendly, pro-United States government. This mission was to be accomplished in such a manner as to retain plausible denial of United States official participation.

The Guatemalan Government had been under Communist influence in varying degrees for the past ten years and over thirty-three indigenous attempts had been made to overthrow it; all were unsuccessful. Communist control had advanced rapidly in the past year and was capable of converting the country into a denied area almost at will. Although a minority party, it manifested itself so dominantly it was estimated that the time had passed when any opposition group could organize sufficient strength without considerable outside assistance to overthrow the Communists.

CIA's task was to provide the necessary covert assistance to enable the anti-Communist elements to dispose of the Communists in a thorough manner. An Unconventional Warfare operation was required and planned on a Top Operational Priority basis. A program was established with set objectives to condition the target and the people, then bringing them into a build-up period for a revolution, leading to a crisis before the final showdown of strength and determination. This classical approach was executed generally as planned and anticipated, despite serious setbacks and disappointments. It required a strong will to do, and although some faltered along the way, in the main it prevailed and in the end exceeded that of the enemy, thus making for final victory and success.

The accomplishment of this mission required an application of CIA techniques and procedures in a joint, closely integrated manner, often in an unorthodox way. The objective dictated the procedures. All operations were conducted to serve the ultimate end. It had to be a combination of internal and external mechanisms, directed and controlled outside the target country. A special Regional Command was established and operations were conducted in and through six different countries. It was recognized that once an operation of this nature had been launched and was known to the enemy, it soon would become a race with time. For this reason and the priority assigned to the Project, all operations were conducted under heavy pressure.

The vital but unseen role was that of communications. In a sense the operation was a cable operation through a complex but highly effective system established by the Project. From the time the Project had been approved for implementation, 15 December 1953, until its conclusion on 30 June 1954, over 1 cable messages had been transmitted. LINCOLN, the Project's Headquarters, sent 875 pouches and over 1300 dispatches. The budget allocation was \$3,000,000 and the actual cost, less recoverable assets, was just under the original allocation.

The mission assigned to CIA had been accomplished and plausible denial retained.

Submitted by:

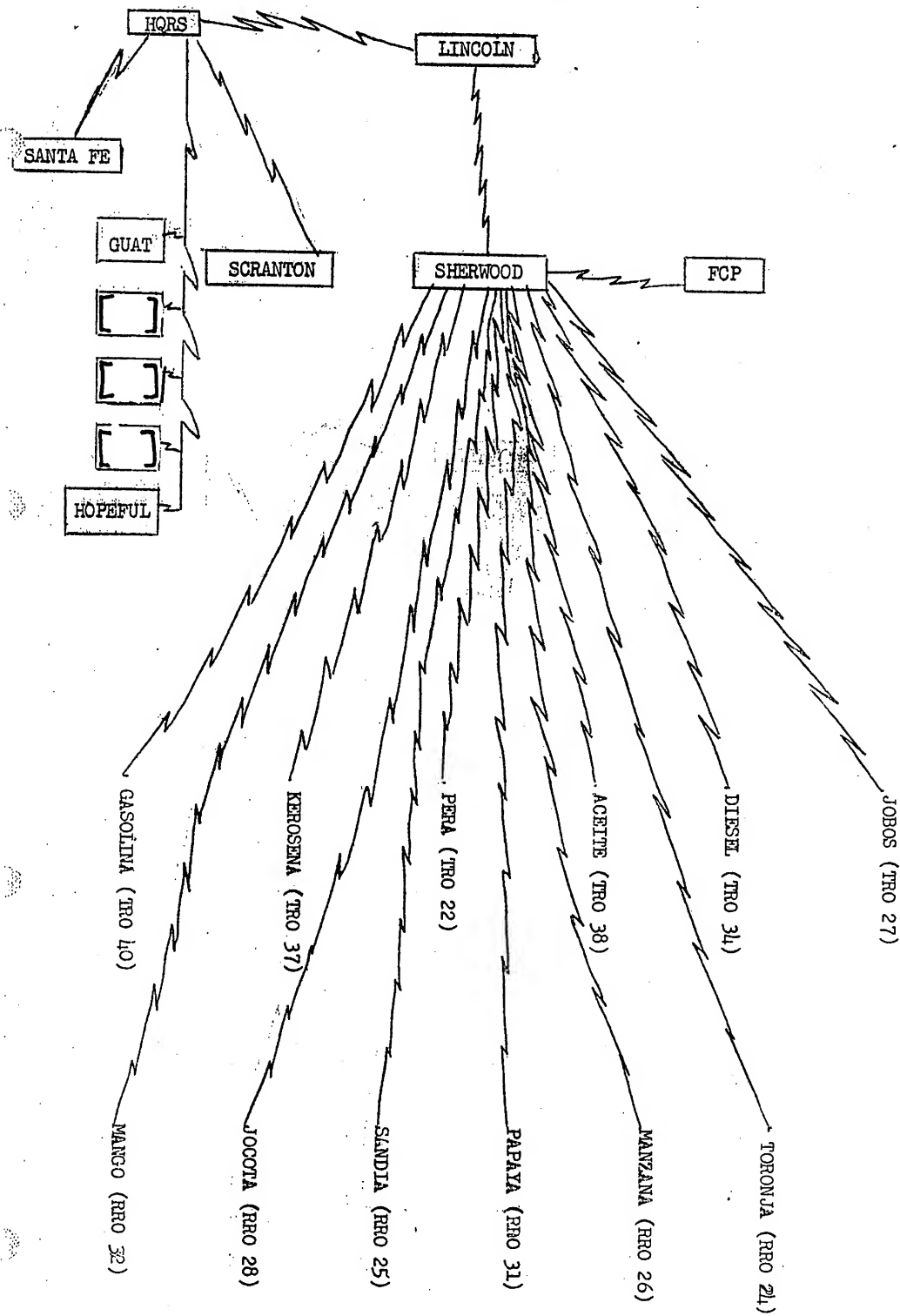
Approved by:

C. Tracy Barnes
Chief of Project

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Chief of Operations

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COMMUNICATIONS CHANNELS



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PROGRAM

PROGRAM
PBSUCCESS
GENERAL PLAN OF ACTION

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9 December 1953

MEMORANDUM FOR: Deputy Director (Plans)
Acting Deputy Director (Administration)

SUBJECT : Project PBSUCCESS

1. I have approved Project PBSUCCESS and the allocation of not to exceed \$3,000,000 of funds available to the Agency for its support. The Comptroller is directed to make the necessary adjustments to charge any prior or current expenditures for this Project to this allocation and to credit back any withdrawals made from other allocations.

2. In view of the security aspects of this Project, I hereby authorize the Comptroller to make funds, within the above limitations, available to the Chief, WH Division, at his request and with the prior approval in writing of the DD/P or COP, in such amounts and to such persons as he may desire. The Chief, WH Division, will be the accountable officer for all funds so advanced and will be responsible for assuring that all expenditures are reasonable and necessary for the support of the Project and for obtaining such documentation and receipts for expenditures for these operations shall remain with the WH Division, and the Certifying Officers may accept the certification of the Chief, WH Division, that he has evidence to support the propriety and reasonableness of the expenditures and that they have been made for the official purposes of the Project.

3. The Auditor-in-Chief shall provide for periodic audits, not less than semiannually, under arrangements mutually satisfactory to himself and to the Chief, WH Division.

(SIGNED)

ALLEN W. DULLES
Director

cc: C/WH

[
Mrs. Tofte

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16 November 1953

MEMORANDUM FOR: The Director of Central Intelligence
SUBJECT : Program for PBSUCCESS.

1. Following our briefing and conversation of this afternoon, I have read over the attached program which has been prepared by [] and the others working on this project, and I recommend that you approve it for planning purposes and for the further purpose of authorizing Stage One at this time.

2. Actually the plan is stated in such broad terms that it is not possible to know exactly what it contemplates, particularly in the latter phases. However, I do not regard this as a particular drawback since a vastly-detailed plan prepared at this time would have to be modified in any case. Moreover, the approach specified in this paper calls for the preparation of a detailed operational plan for top level approval at the conclusion of Stage One (the assessment phase).

3. Regarding the "ultimatum" specified under Stage Five, it was understood in our discussion that this was not agreed to and would be given further consideration.

4. The proposed T/O does not seem to me to be excessive, given the importance of this project and the degree of priority attached to it. It is my understanding that this T/O does not take into account the Headquarters personnel who will continue to be used to backstop the operation from Washington. It may even develop that some additional personnel will be required as events develop. (For example, I see no provision for the necessary communications personnel and radio technicians, who I am sure will be needed.)

5. I recommend also the concept of assigning to the operational field chief [] the central operational responsibility and I further recommend the command channel outlined in Paragraph D on Page 4.

/s/ Frank G. Wisner
FRANK G. WISNER
Deputy Director (Plans)

Encl (1)
Copy 1 of Memo for Record
dtd 12 Nov/53, sgd by []
Subject: "Program
for PBSUCCESS."

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12 November 1953

MEMORANDUM FOR THE RECORD:

SUBJECT: Program for PBSUCCESS

- REFERENCES:
- A. "Guatemala - General Plan of Action," TS# dated 11 September 1953
 - B. Project PBSUCCESS Status Report, dated 29 October 1953

A. Objectives

- 1. To remove covertly, and without bloodshed if possible, the menace of the present Communist-controlled government of Guatemala.
- 2. To install and sustain, covertly, a pro-US government in Guatemala.

B. Statement of the Problem

- 1. The Communists have become strongly entrenched in Guatemala and in the Guatemalan government, thus constituting a threat to United States welfare in the Western Hemisphere.
- 2. The Guatemalan non-Communist opposition has become disillusioned and disunited. However, a latent anti-Communist resistance potential is believed to exist.
- 3. The resistance potential must be built up to the point where it can contribute materially to the accomplishment of the objectives of PBSUCCESS.
- 4. In view of growing Communist strength and declining non-Communist cohesion in Guatemala, the implementation and successful completion of the objectives of PBSUCCESS must proceed without delay.
- 5. It must be recognized that any major effort to dislodge the Communist-controlled government of Guatemala will probably be credited to the United States, and possibly on CIA. Covert accomplishment of the objectives of PBSUCCESS is therefore defined as meaning accomplishment with plausible denial of United States or CIA participation.

C. Plan of Operations

- 1. Stage One - Staffing and Assessment -
 - a. Assignment of Project Personnel.
 - b. Field Survey by Communications Adviser.
 - c. Briefing and despatch of Project field personnel.
 - d. Assessment and analysis of friendly assets.
 - e. Assessment and analysis of enemy assets.
 - f. Preparation of detailed operational plans for Headquarters approval.
- 2. Stage Two - Preliminary Conditioning (D-?)
 - a. Project Headquarters moves to the field.
 - b. Create dissension and defection within the target.

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- c. Discredit target at home and abroad.
 - d. Demonstrate inability of target regime to represent best interests of the people.
 - e. Create hope and encourage patience among non-Communists.
 - f. Complete military agreements with Nicaragua, Honduras and El Salvador.
 - g. Withdraw US military personnel from target at appropriate time.
 - h. Begin economic pressure.
 - i. Begin formation and training of a para-military force in exile.
 - j. Assess accomplishments.
 - k. Obtain Headquarters approval before proceeding to next stage.
3. Stage Three - Build-up (D-75)
- a. Create maximum antagonism to target regime.
 - b. Fan passive will to resist.
 - c. Apply internal and external economic pressure to create serious difficulties.
 - d. In concert with majority of OAS members, apply diplomatic pressures.
 - e. Demonstrate urgency by speeding military build-up of neighboring countries (not including Mexico).
 - f. Accentuate para-military preparation.
 - g. Initiate passive sabotage program.
 - h. Assess accomplishments.
 - i. Obtain Headquarters approval before proceeding to next stage.
4. Stage Four - Critical Period (D-25)
- a. Apply maximum economic pressure.
 - b. Accentuate divisionist activity within target.
 - c. Intensive rumor campaign stimulating fear of war for the purpose of drawing enemy forces away from capital.
 - d. Constitutional revolutionary forces claim support of people.
 - e. Para-military force in readiness.
 - f. Passive sabotage evident.
 - g. Assess accomplishments.
 - h. Obtain Headquarters approval before proceeding to next stage.
5. Stage Five - Showdown (D-5)
- a. Implement aggressive sabotage plan against key targets.
 - b. Constitutional leader claims capability to seize power by force and issues ultimatum to target regime to capitulate in order to avoid needless bloodshed.
 - c. Populace is told to await target regime's reply and further instructions from constitutional leader.
 - d. If ultimatum fails, popular uprising begins; para-military force enters target country, proclaims authority, declares target regime null and void.
 - e. Secure position and restore order.
6. Stage Six - Consolidation (D+?)
- a. Roll-up of Communists and collaborators.
 - b. Dramatic initial proclamations and edicts.
 - c. Formation of government.
 - d. Announcement of long-range domestic and foreign policy.
 - e. OAS countries announce immediate recognition and support of new regime.
 - f. United States offers aid.
 - g. PBSUCCESS terminated.

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D. Organization and Authority

1. Priority

- a. PBSUCCESS has been given "Top Operational Priority" in the Agency.

2. Authority and Responsibility

- a. Primary field authority and responsibility is vested in the Officer in Charge, PBSUCCESS.
- b. This officer is designated "Special Deputy for PBSUCCESS, WHD."
- c. The command channel will be direct from Special Deputy to CWH.

3. Staff Requirements

- a. The following staff requirements for PBSUCCESS are believed to be the minimum for adequate implementation and control of the Plan of Operations envisaged herein. Additional personnel may be required for varying periods of TDY.
- b. The T/O outlined below is exclusive of WHD's current T/O.

E. Finance

- 1. Upon approval of this program, financial accountability will be vested in CWH, under whose direction CWH/AD will be the accountable disbursing officer for Headquarters expenditures. Under the general direction of the CWH, the Special Deputy for PBSUCCESS will be the accountable disbursing officer for Field expenditures.

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2. Procedures for allocation, disbursement, and accounting of funds will be in a manner acceptable to the DD/A, and as shall be arranged between him and the CWH/AD.

[]

APPROVED:

/s/ ALLEN DULLES *

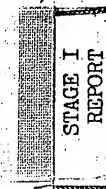
/s/ F. G. WISNER

/s/ J. C. KING

- * As to paragraph E1 subject to
memo of 9 December 1953 to
DD/P & DD/A

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REPORT
ON
STAGE ONE
PBSUCCESS

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15 December 1953

REPORT ON STAGE ONE

PBSUCCESS

REFERENCE: "Program for PBSUCCESS", dated 12 November 1953

1.

Submitted herewith is a report on the work accomplished by Project personnel during Stage One of "Program for PBSUCCESS", covering the period 12 November - 15 December 1953, consisting of:

PART ONE - "Assessment/Analysis," supported by Annexes A and B;

PART TWO - "Proposed Project Organization," supported by Annex C;

PART THREE - "Proposed Operational Plans for Stage Two."

2. Predicated on the above, I believe that CIA has the capability of fulfilling the objectives of this Project provided that the following essential elements are recognized:

Urgency: The element of surprise having been lost and our intentions already partially compromised, the time factor becomes essential in this proposed operation.

Effort: The preponderance of target strength, numerically and organizationally, dictates an appreciation of this undertaking and necessitates employment of appropriate effort in an intensive and sustained manner.

Thoroughness: The entrenchment of the target group is sufficiently serious to demand recognition as a fact that more than a superficial change in government is required. The revolution must be complete and the new, pro-U.S. government must be consolidated rapidly to avoid a resurgence of the target group and a counter-revolution undoing the efforts of this Project.

3. I recommend this Report be approved and that PBSUCCESS be authorized to proceed without delay to implement Stage Two operations.

[SU/WH]

APPROVED:

DCI

DD/P

CMH

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REPORT

ON

STAGE ONE

PBSUCCESS

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PART ONE
ASSESSMENT/ANALYSIS

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PART ONE

ASSESSMENT/ANALYSIS

I. General:

From 12 November to 15 December 1953, project officers thoroughly assessed all known enemy and friendly assets, utilizing therefore field surveys, debriefings of field and Headquarters personnel and file searches. In numerous instances, the time and information essential to a completely documented picture were lacking. However, while inadequate by meticulous standards of scholarship, information and time, the assessment sufficed to establish certain conclusions upon which action could be predicated.

II. Nature of the Enemy:

A. Assessment:

1. Political:

Communism in Guatemala is neither an arbitrary nor an accidental phenomenon. Many features of national life, such as the basic artificiality and maladjustment of the social structure, the drastic contrast between rich and poor, and a dictatorship in alliance with powerful foreign commercial interests, readily lent themselves to Marxist interpretation. A young, rebellious lower-middle class intelligentsia, spurred simultaneously by personal discontent, observed circumstances and Soviet example, put first leftist Socialism and now Communism into practice.

A leftist Socialist government, now effectively dominated by Communists, has been in power in Guatemala for more than nine(9) years. Despite small, scattered revolts, the hold of the government has never been seriously shaken. This time in office, with all its possibilities for entrenchment, consolidation and elimination of opposition, is a second powerful enemy asset.

Nurtured by time and circumstance, the Communist PGT (Partido Guatemalteco de Trabajo) today commands a hard core of well-indoctrinated, well-disciplined members variously estimated between 1,500 and 3,000. More than a hundred top leaders appear to have been trained in the USSR. The PGT has trained, exchanged information with and benefitted from the services of top-ranking Latin-American Communists. Lacking opposition in a country where the level of political consciousness and participation is extremely low, the PGT exercises an influence far beyond what its numbers, under other conditions, might indicate. President Jacobo ARBENZ Guzman is, by his own frequent admission, dependent on the Communists for his platform and his program. The other leftist parties, where they are not infiltrated by secret PGT members, are intellectually overpowered by the Communists, as the Mensheviks in their day were overpowered by the Bolsheviks. In the Guatemalan Congress, although the PGT has only four(4) of the fifty-eight(58) deputies, Communists control the key Agrarian

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Reform and Labor Committees, and set the tone and pace of legislative policy as a whole. Key posts throughout the government, notably in such influential institutions as the Institute of Social Security, are effectively held by Communists. Several thousand more or less influential government and political figures must be rated as strong Communist sympathizers.

2. Intelligence:

Very little, and that little most imperfectly, is known by U.S. agencies of the Guatemalan government and Communist intelligence services. This American ignorance is itself a Guatemalan asset. It must also be presumed that, given Soviet training and a decade to establish one, the Guatemalans possess an intelligence service that is, by Central American standards, superior. There is ample evidence that the government and the PGT penetrated past unsuccessful anti-Communist groups. Government and PGT appear to be aware that American efforts are now, and have been for some time (through PEFORTUNE), under way to overthrow them. Ambassador TORIELLO's 30 November charges in the UN, plus personal remarks made by President ARBENZ to Ambassador SCHOENFELD, tend to confirm this assumption.

3. Propaganda:

Mass agitation assets at the disposal of the government and the Communists are substantial. The government controls several newspapers and the leading radio station. The Agitprop Section of the PGT is effective, and in a man like Carlos Manuel PELLEGER the Communists have perhaps the fieriest speaker and writer in the country. Of predominant importance is the fact that the Communists have, for the past two years, steadily consolidated their control over urban and rural labor by a combination of demagoguery and sheer hard work. Through their combined propagandistic assets, the government and the Communists may be presumed to have gained tens of thousands of, at the least, collaborators.

4. Military and Para-military:

Throughout the last nine(9) years, the 6,000 man Guatemalan Army, with a few stirring but minor exceptions, has dutifully supported the regime. Army loyalty has been maintained by a combination of factors: the devotion of key army leaders to the Revolution of 1944, the personal leadership of President ARBENZ, special apportionments of creature comforts, political passivity on the part of most officers and, recently, possible Communist infiltration of the Army. In addition to this regular military force, which is stronger than that of Guatemala's three Central American neighbors combined, para-military forces of undetermined size and strength have been organized by the government and the Communists. Finally, there is a Guardia Civil of approximately 2,500 men, whose loyalty has shown no appreciable signs of faltering.

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B. Analysis:

The foregoing demonstrates the history, magnitude and cohesiveness of enemy assets, and thereby demonstrates the urgency and the magnitude of the enterprise confronting PBSUCCESS. Since the present power structure of Guatemala rests on the three pillars of ideology, a disciplined minority to implement it, and pure physical force, it is evident that PBSUCCESS must crack each of these columns, while simultaneously building up an ideology, a disciplined minority and a military force of its own.

III. Friendly Assets and Potential:

A. Assessment:

1. Political:

Against the approximately one hundred(100) top-flight Communists who have been in the Soviet Union, PBSUCCESS today diagnoses of two, more or less. untested anti-Communist leaders, [] and RUFUS. [] although respected in Guatemala, has only limited political and administrative experience. He is not at present a moving speaker, writer or thinker; and he is relatively old for a country ten years accustomed to the rule of young men. RUFUS is of suitable age, appearance, and manner to be an effective leader. He, too, lacks political experience and even in his specialty, military affairs, has more of a record of staff and training work than actual field command. Neither man is effectively controlled by PBSUCCESS to date, and achievement of control may be complicated by past financial largesse on the part of CIA. Past security practices of both men have been poor. On the other hand, recent conversations between PBSUCCESS officers and both [] and RUFUS suggest that they may have a real capacity to learn, grow and assume command.

The principal group of dedicated Guatemalan anti-Communists appears to consist of perhaps fifty(50) students organized in Guatemala as the CEUA, and in Honduras and El Salvador as the CEUAGE. The energy and ardor of these students, if not their professional competence, is encouraging. Of course, in numbers, they do not even remotely match the 1,500 - 3,000 trained Communists.

In the category of strong sympathizers, the anti-Communist forces can number perhaps several hundred former officers, land-owners, merchants, professional men, anti-Communist union leaders and devoutly religious layment and priests. The municipal administration of Guatemala City, still in anti-Communist hands, constitutes a reservoir of political and administrative talent. In Puerto Barrios, anti-Communists control the labor scene.

Presently lukewarm or potential anti-Communists, however, would appear to exceed 100,000. Recent reports from Guatemala Station indicate widespread passive discontent, ranging all the way from the well-to-do who collaborate with Communism in order to protect their property to disgruntled workers who are forced to strike because they fear that otherwise Communist union

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leaders will have them discharged. The population of Guatemala City, judging by its voting record, is anti-Communist. Many segments of the labor unions have anti-Communist members. Throughout the land, there is a latent anti-Communist ferment.

2. KUFIRE:

In Guatemala, the KUFIRE assets of Guatemala Station consist of one agent taken over from the FBI and of a former Spanish Republican, both of whom have access to medium-level and high-level political and personality information. There are several informants who supply virtually overt psychological intelligence. The Station has limited surveillance assets. The Station has no penetrations of the PGT, government agencies, armed forces or labor unions.

In Honduras, there is no CIA Station. RUFUS has an intelligence service operating from Honduras against Guatemala, El Salvador, Nicaragua and Honduras. His nets in Guatemala consist of one alleged medium-level Communist Party penetration agent; one high-level Guatemalan Army informant; and an undetermined number of loosely controlled agents and informants throughout the Armed Forces and government political groups. RUFUS' assets in Honduras consist of one low-level Communist Party penetration with apparent growth potential; one informant in the Guatemalan Embassy; and one Guatemalan government [] In addition to this there are several informants in the Honduran government and police, and friends in the diplomatic corps and the Costa Rican emigre group. In both Nicaragua and El Salvador RUFUS maintains resident P/As who have what appear to be fairly reliable informants in diplomatic and government circles.

3. KUGOWN:

In Guatemala, [] guides and supports, but does not control, the CEUA group which distributes anti-Communist posters, stickers, handbills and flyleaves, and which has just begun the printing of a weekly paper called El Rebelde. This group is associated with RUFUS. In addition, the independent press, sometimes with the assistance of USIA, publishes anti-Communist material of varying quantities and qualities. The impact of these activities cannot now be measured.

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In Honduras, the CEUAGE student group, also associated with RUFUS, publishes a weekly bulletin, which has been smuggled overland into Guatemala. The impact of the bulletin cannot now be measured.

In El Salvador, [] Part of the CEUAGE group has recently begun the publication of a weekly newspaper called El Combate, which is said to be smuggled overland into Guatemala. The CEUAGE group also purchases time for anti-Communist broadcasts on Station YSI, but these programs can be heard only a few miles across the Guatemalan border and not at all in Guatemala City.

[] In Mexico, [] the LIONIZER bulletin, a publication of anti-Communist Guatemalan exiles living in Mexico City. The bulletin is mailed principally to recipients in the Hemisphere, and Guatemala Station has never noticed it in Guatemala, though it is said that this is mailed to Guatemala. The CIA contract agent formerly in contact with LIONIZER has recently become highly insecure and must be replaced.

4. KUHOOK:

At present, the only KUHOOK assets are U.S.-owned foreign arms available for shipment to RUFUS when and if he and his potential followers require them.

RUFUS himself does not appear to be versed in unconventional warfare. The number and quality of men he can recruit is not known.

RUFUS claims to have from President SOMOZA of Nicaragua the promise of a training site at Puerto Cabezas, Nicaragua.

5. KUCLUB:

At present, RUFUS has no effective communications assets. The number of men and quality of men that he can make available for communications training is not known.

The only KUCLUB assets of PBSUCCESS are those currently available to field stations and being installed at LINCOLN and SANTA FE.

B. Potential Assets:

1. Political:

The primary potential asset of anti-Communist forces in Guatemala is the fact that Communism, as an ideology and a practice, is neither adequate nor natural for the country. It is true that Communism has real roots in the Guatemalan situation;

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but its deepest appeal is confined to a small, intellectual group. Communism, which nowhere in the world has been able to cope lastingly with the agrarian question, does not fit the basically agricultural economy of Guatemala. Likewise, Communism which nowhere in the world, least of all in the Soviet Union, has been able to cope lastingly with the problem of tribal groups, does not fit a situation where 54% of the population is Indian. As early as 1949, Colgate University research projects pointed out the inapplicability of the Socialist-Communist ideology to Guatemala. The same studies suggested that a national, peasant ideology could be much more compelling. It appears entirely possible that a positive political ideology, far more appropriate and appealing than Communism, can be developed to attract not only many of the Guatemalan leaders now subservient to Communism, but to vitalize many anti-Communist elements that are now politically passive.

The time in office of the government, while currently an enemy asset, can potentially be converted into a friendly asset. In nine(9) years, any government commits many errors and arouses many grievances. The slogan that "it's time for a change" can possibly be even more congenial to the relatively volatile Latin temperament than to the American.

With proper indoctrination and specialized training, the political leaders now available to PBSUCCESS can be given much greater stature. The small hard core of anti-Communists can not only be made more vigorous, but can also be expanded by recruitment from the pool of strong sympathizers and lukewarm sympathizers. There is evidence that the strong and lukewarm sympathizers, once true leadership and adequate means are provided, may furnish enough new adherents to an anti-Communist hard core to overmatch the Communists.

By the same token, there is reason to believe that many presently lukewarm or potential anti-Communists can be upgraded to strong sympathizers with the anti-Communist cause, once leadership and means are furnished by PBSUCCESS. This group of future strong sympathizers can conceivably be augmented by both sincere and opportunistic defectors from the Communist and pro-Communist camps.

In turn, the possible pool of passive supporters of anti-Communism may, according to reports from Guatemala Station, be enlarged to include perhaps 90% of the politically active population.

2. KUFIRE:

Based on the previous experience and capability of CIA, it may be assumed that, in view of the effort now being invested in PBSUCCESS, KUFIRE assets in Guatemala []

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[] can be substantially expanded. In addition, the results of the first CIA contact with the RUFUS intelligence organization justify a hope that careful guidance will greatly increase this organization's production, reliability and efficiency.

3. KUGOWN:

Present KUGOWN assets, thus far indigenously developed with limited CIA guidance, have an encouraging potential. The anti-Communist Guatemalan students, both in and out of the country, can be taught better propaganda technique. A major KUGOWN asset, under complete CIA control, will be the propaganda broadcast transmitter at SANTA FE; its very appearance on the air should have a great impact that can be upgraded through skillful programming.

4. KUHOOK:

PBSUCCESS personnel can unquestionably provide superior planning, training and equipment for KUHOOK efforts. RUFUS, once backed by such assistance, should be able both to lead and recruit an as yet undetermined number of men. (Past CIA estimates, which the current assessment could not verify, have claimed 300 potential soldiers to the RUFUS forces.) In addition, it is believed that energetic KUFIRE operations can uncover active KUHOOK assets within Guatemala. Finally, a major KUFIRE defection effort in Guatemala must be attempted to neutralize much of the present armed strength of the Guatemalan government and Communists; there is recent evidence of widespread, if still latent, officer dissatisfaction with President ARBENZ and the Communists.

5. KUCLUB:

CIA is in a position to provide superior facilities and is currently engaged in doing so. In addition, CIA is developing capabilities for jamming and interrupting enemy propaganda broadcast facilities.

CIA stations engaged in PBSUCCESS will possess administrative communications superior to those of the enemy.

CIA can provide superior agent radio equipment and training to the RUFUS forces. RUFUS has agreed to make available twenty (20) men for communications training.

C. Analysis:

It is clear from the foregoing that PBSUCCESS must proceed primarily on the basis of potential assets, rather than from existing, real assets. This is normal for revolution, which always begins with a few men in a garret who have an idea, the will to work for it and the leadership to recruit followers. PBSUCCESS can supply direction and technique to anti-Communist forces, and the record of Guatemalan discontent with Communism suggests that sufficient indigenous human resources can be developed to achieve the project objectives.

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IV. Conclusions:

IV. Conclusions:

A. Enemy Capabilities:

Due to the incompleteness of available information, the full extent of enemy capabilities is not known. What is known is formidable. Additional strengths or hidden weaknesses must be tested during Stage Two operations of PBSUCCESS. It is certain that enemy capabilities, presently much greater than friendly, will become even more disproportionate if PBSUCCESS is not promptly and vigorously implemented.

B. Friendly Capabilities:

It is equally clear that friendly capabilities, much smaller than those of the enemy, will deteriorate even further unless they are quickly and solidly bolstered by PBSUCCESS. CIA technical, personnel and financial support to Guatemalan anti-Communism, if immediately given, will be the first step toward redressing the balance. PBSUCCESS action will be the decisive factor in converting what are now only potential assets into real assets.

V. Recommendations:

V. Recommendations:

A. That the concept of proceeding on the basis of potential assets, rather than on the basis of existing assets, be approved;

B. That, keeping in mind that the U.S. national interest, as defined by the National Security Council, requires a change of government in Guatemala, the TOP Operational Priority of PBSUCCESS be formally assured for at least six months;

C. That definite, high-level accord be maintained that any Guatemalan or other charges of U.S. intervention will be met with positive U.S. denial based on factual or notional plausibility;

D. That in view of the urgency and magnitude of the problem, early approval be granted to implement Stage Two, Plan of Operations, including the organizational concept and financial requirements.

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PART TWO
PROPOSED PROJECT ORGANIZATION

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PART TWO

PROPOSED PROJECT ORGANIZATION

(See Annex C)

I. Strategic/Tactical:

The operations of PBSUCCESS will be conducted at two levels:

A. Strategy/Policy:

This includes all policy matters above the level of WHD within CIA, and policy liaison and action between CIA and appropriate other government agencies. The responsible officers for strategic/policy coordination within CIA will be CWH and C/PP/Ops. Through appropriate channels, they will maintain contact with the Department of State Working Group (General SMITH, Mr. Lampton BERRY, Mr. Raymond LEDDY), the Department of Defense and other agencies.

B. Tactical/Field:

The tactical/field operations of PBSUCCESS fall within the purview of CWH.

II. Tactical/Field:

A. CWH:

CWH will be responsible for the supervision and support of PBSUCCESS in the field and for reporting with C/PP/Ops to higher CIA echelons. Within the WHD, the Chief of Division will designate a Special Deputy to be directly responsible for the conduct of all field operations for this project.

B. Special Deputy, WH for PBSUCCESS:

The CWH will authorize the SD/WH to establish a project headquarters at []

[] as subordinate to this Project Headquarters. []

[] In this manner a Regional Command will be constituted within the WHD to provide appropriate priority precedence to this Project. The Project Headquarters, being responsible to CWH, will be authorized direct communications within its Regional Command. All communications to other stations in WHD will be transmitted via C/WHD. Information copies of all communications emanating within the Regional Command will be forwarded by originator to C/WHD through normal channels.

C. Organization, Field Project Headquarters (LINCOLN):

1. Location:

Project Headquarters will be located in []

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2. Cover:

Project Headquarters will be known at the [] established by the Department of Defense to prepare studies and surveys of a highly sensitive nature, pertaining to special weapons. This cover is consistent with the existence of several actual such projects []

3. Security:

A full-time security officer, based in LINCOLN, has been assigned to PBSUCCESS by the Office of Special Security. This officer will supervise and service all security aspects of Project Headquarters, postal boxes, car rental, liaison with other government agencies, sensitive shipments, physical movements of project personnel and equipment to LINCOLN, etc.

4. Finance:

a. Allocation of funds. The DCI has allocated \$3,000,000.00 (three million dollars) to PBSUCCESS.

b. Financial Policy. The DCI has authorized the Comptroller to release funds to CWH at his request and with the prior approval in writing of the DD/P or COP, in such amounts and to such persons as he may desire for the Project. ADM/WHD has been appointed the accountable disbursing officer for Headquarters expenditures. Under CWH, the Special Deputy, PBSUCCESS is the accountable disbursing officer in the field. The Chief, Support at PBSUCCESS will coordinate and account for Project financial matters within the Regional Command to ADM/WHD. Disbursements made on this Project outside of the Regional Command within WHD will be made by and accounted for by the ADM/WHD.

c. Budget. Expenditures under PBSUCCESS to 15 December were [] leaving an unexpended balance of [] Expenditures during Stage Two are estimated at \$200,000.00.]

d. Currency Procurement. COP/DD/P has granted approval for the procurement of [] a month in local currencies, subject to a monthly review of requirements.

5. Special Services:

a. The Chief, RQM/OIS has undertaken to have collected and forwarded to Project Headquarters, on a regular basis, all pertinent information available to CIA in Washington.

b. [] will monitor and transmit to Project Headquarters all pertinent programs broadcast by Guatemalan radio station.

6. Communications:

The Office of Communications will provide propaganda broadcast transmitting facilities, field tactical communications services and administrative communications to Project Headquarters, to and within the sub-stations where necessary.

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7. Administrative Support:

Administrative support will be provided by CWH through ADM/WHH. Such support will include cable, pouch and registry services, office equipment as required, personnel administration etc. Arrangements have been made with [] to have an officer courier mail and collect at the Department of State courier center pouched materials for Project Headquarters.

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PART THREE
PROPOSED OPERATIONAL PLAN FOR STAGE TWO

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PART THREE

PROPOSED OPERATIONAL PLAN FOR STAGE TWO

I. General:

The foregoing assessment and analysis of friendly assets and capabilities clearly revealed their weakness and the urgent need for their immediate expansion. Assets and potential assets must be explored and probed during the process of development. Accordingly, the general objective of Stage Two is to develop and construct required mechanisms to support the overall program and, while doing so, to provide preliminary conditioning of the target.

II. Plan of Operation, Stage Two:

A. Project Headquarters moves to the field:

The approval of this report will constitute the authority to implement the project organization as described in Part Two. Upon approval, field personnel will move to respective assignments, the safe houses and other services will be activated in such a manner as to place the project in a full operational status by 1 January 1954.

B. Create dissension and defection within the target:

Utilizing available assets and media, a program of exposing true and notional facts concerning target government and personalities will be initiated in order to create dissension within the target. An attempt will be made through black psychological warfare to create a Tito-type faction to serve as a wedge within the target. Character assassination of key target personalities will be undertaken. Defection of key personnel within the target will be undertaken rigorously in order to develop and support KUHOCK operations in establishing resistance cells. The purpose of these operations will be to weaken the discipline and cohesion of the target.

D. Discredit target at home and abroad:

Above operations will be expanded and exploited to discredit target within its home area and abroad. KUGOWN facilities of WHD will be utilized to disseminate above material throughout WH with the purpose of arousing Hemispheric sympathy for the people of target country and opposition to the Communist regime.

D. Demonstrate inability of target regime to represent best interests of people:

All weaknesses and frictions, real or notional, will be exploited to support this theme. The theme will be presented in such a manner as to preclude any rash public outburst, but it will be firmly fixed in the public mind for later exploitation.

E. Create hope and encourage patience among non-Communists:

Since it will take time to establish requisite mechanisms and control before encouraging direct action, every effort will be exercised to counsel hope and patience. The failures of past, abortive

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coups will be recalled and the importance of organization and preparations will be stressed. Meanwhile a positive political philosophy or program will be evolved and disseminated in broad terms, in order to provide something positive to be for, as compared to simply being against Communism.

F. Complete military agreements with Nicaragua, Honduras and El Salvador:

During Stage Two it is highly desirable that the military pacts be negotiated in final form in order to exercise psychological pressure on the target. The completion of the pacts at this stage will add weight to "D" above. This is a Headquarters task.

G. Withdraw U.S. Military personnel from target at appropriate time:

Coincident with "F" above, the U.S. Military Mission personnel in target country should be reduced to principal officers only. No reason should be given; other men should simply be ordered back to the United States and no replacements made. This action, however, should not take place until the latter phase of Stage Two in order to time the impact with the operational development of PBSUCCESS. This is a Headquarters task.

H. Begin economic pressure:

Although efforts to date in organizing effective economic assistance among [] businessmen has been relatively unsuccessful, it is believed that in Stage Two such pressure can be organized which would have a psychological effect, if not an actual economic effect, on the target country. Specific action in this regard will be developed during this stage by the Project and Division Headquarters. No economic sabotage would be undertaken in the field during this stage.

I. Begin formation and training of a Para-military force in exile:

On/about 1 January 1954 a cadre/instructor class with thirty (30) company grade officers will commence training in Nicaragua. This class will constitute the nucleus of the para-military force to be organized later in Honduras and El Salvador under RUFUS. An American instructor fully qualified will conduct the class. This training will continue through Stage Two. Meanwhile, the military plan will be developed for later implementation. During this training period a spotting and recruiting program will be undertaken to provide additional personnel required to meet the ultimate objective. In addition, training and staging areas will be selected and prepared during this period.

J. Assess accomplishments:

During Stage Two continuous probing will be conducted to determine the rate of development of the mechanisms, the condition of the enemy and the readiness of PBSUCCESS to move into Stage Three operations. When Project Headquarters considers it advisable to advance

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into Stage Three operations, an assessment of the situation, analogous to the Stage One report, will be prepared.

K. Obtain Headquarters approval before proceeding to next stage:

The assessment prepared under the above will be forwarded to Headquarters together with the proposed operational plan for Stage Three, in the same manner as this Stage One report. The approval of the Stage Two report by Headquarters will constitute the authority for the Project Headquarters to implement Stage Three operations.

III. Proposed, Specific KUFIRE Tasks:

A. Based in Guatemala:

1. FT/1:

Identity - ESCONSON Project

Responsible Officer - C/S, Guatemala City

Mission - To exploit capabilities of this project to provide psych/intelligence coverage of target; (a) government officials; (b) high level military officials; (c) pro-government political groups and (d) to develop contacts within Communist circles. To probe all contacts for potential resistance cadre leaders.

Estimated cost: \$800.00

2. FT/2:

Identity - ESCROW

Responsible Officer - C/S, Guatemala City

Mission - To concentrate his efforts within high level pro-government political circles and Communist hierarchy in order to provide psych/intelligence.

Estimated cost: \$600.00

3. FT/3:

Identity - ESOTROPE

Responsible Officer - C/S, Guatemala City

Mission - To concentrate her efforts among female organizations both pro and con the government to provide psych/intelligence in addition to economic intelligence desired through ESOTROPE-2.

Estimated cost: \$200.00

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4.. FT/4:

Identity - []

Responsible Officer - C/S, Guatemala City

Mission - To develop contacts within pro-Communist labor circles in order to provide coverage of psych/intelligence and determine details regarding later para-military preparations.

Estimated cost: \$200.00

5. FT/5:

Identity - ESODIC

Responsible Officer - C/S, Guatemala City

Mission - To develop both agent and his brother to provide psych/tactical intelligence coverage of target army; to develop pro-U.S./anti-CP army officers to serve in resistance cells within the Army.

Estimated cost: \$1,000.00

6. FT/6:

Identity - ESKIMOID

Responsible Officer - C/S, Guatemala City

Mission - To develop agent to utilize past clandestine training to organize information net among agricultural circles in order to provide psych/intelligence from this stratum to be supplemented with economic intelligence within his capabilities; to determine details regarding CP para-military preparations outside of Guatemala City.

Estimated cost: \$400.00

7. FT/7:

Identity - ESLABON

Responsible Officer - C/S, Guatemala City

Mission - To establish contact through a cut-out to develop agent to provide intelligence coverage of Caribbean Legion and other CP para-military preparations in target area.

Estimated cost: \$500.00

8. FT/8:

Identity - []

Responsible Officer - C/S, Guatemala City

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Mission - To develop these contacts to concentrate on the defection of C J to serve as resistance group; to exploit relationship to provide psych/tactical intelligence.

Estimated cost: \$800.00

9. FT/9:

Identity C J

Responsible Officer - C/S, Guatemala City

Mission - To acquire operational control over subject through secure cut-out, developing him to exploit CP labor contacts in order to provide psych/intelligence; to determine details of CP para-military preparations within labor groups.

Estimated cost: \$400.00

10. FT/10:

Identity - Arthur G. VAIVADA

Responsible Officer - C/S, Guatemala City

Mission - To develop subject to serve as principal agent and field case officer to handle covert agents.

Estimated cost: \$3,000.00

B. Based in

1. FT/11:

Identity C J

Responsible Officer C J

Mission - To develop subject as principal agent and field case officer with the objective of establishing him with Col. Roberto BARRIOS Pena and General YDIGORAS Fuentes; to explore the assets and capabilities of the latter persons to determine what course of action should be taken in respect to their position in PBSUCCESS; further direction to be provided based upon these developments.

Estimated cost: \$5,000.00

2. FT/12:

Identity - JUGATION

Responsible Officer C J

Mission - To develop relationship to serve as covert contact in C J to provide protection PBSUCCESS operations in El Salvador.

Estimated cost: \$400.00

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3. FT/13:

Identity - Not available

Responsible Officer - []

Mission - To develop secure control over agent penetration
[] to obtain evidence
[] and/or of activities in El
Salvador.

Estimated cost: \$400.00

4. FT/14:

Identity - JUROR

Responsible Officer - []

Mission - To develop agent to establish contacts in Santa
Ana area to determine Guatemalan Communist activities
therein; to discreetly determine suitable sites for basing
KUHOOK teams in border areas.

Estimated cost: \$1,000.00

5. FT/15:

Identity - JUGATION-1

Responsible Officer - []

Mission - To provide intelligence coverage of Guatemalan
Communist activities in El Salvador; to establish secure
contacts among anti-Communist Salvadoran or Guatemalan
residents of border area to provide information on border
activities as well as to serve in later KUHOOK supporting
roles.

Estimated cost: \$1,000.00

6. FT/16:

Identity - JURATOR

Responsible Officer - []

Mission - To be developed to provide intelligence on border
activities; to provide survey of likely KUHOOK sites along
border; to determine secure contacts in the border area to
later aid KUHOOK teams.

Estimated cost: \$1,000.00

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7. FT/17:

Identity - []

Responsible Officer - []

Mission - To be developed through FT/11 to defect brother-in-law, Guatemalan Army colonel and garrison commander; to develop tactical intelligence coverage through the latter source.

Estimated cost: \$500.00

C. Based in []

1. FT/18:

Identity - Tactical intelligence/SEQUIN

Responsible Officer - Stephen R. LUGTON

Mission - To ascertain identity and capabilities of all assets, organizing same into secure intelligence operational nets under the P/A in order to provide tactical intelligence from specifically directed targets; to utilize these assets to probe for potential resistance material, organizing same into cells; to screen and recruit twenty(20) suitable candidates for clandestine radio intelligence training.

Estimated cost: \$5,000.00

2. FT/19:

Identity - [] Government

Responsible Officer - []

Mission - To develop, through secure cut-outs, sources [] order to provide protective intelligence for KUHOOK Operations in this country.

Estimated cost - \$500.00

D. Based in []

1. FT/20:

Identity - CP penetration

Responsible Officer - []

Mission - To exploit penetration of CP to provide coverage of Communist activities in Nicaragua in order to protect KUHOOK Operations in this country.

Estimated cost - \$400.00

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2. FT/21:

Identity - [] Government

Responsible Officer - []

Mission - To develop and exploit all sources [] in order to provide protective coverage of KUHOOK Operations in this country.

Estimated cost: \$400.00

3. FT/22:

Identity - [] Pto. Cabezas

Responsible Officer - []

Mission - To develop subject as an agent in order to provide intelligence coverage of activities in Pto. Cabezas concerning KUHOOK Operations therein; to develop subject to perform covert services on behalf of KUHOOK Operations.

IV. Proposed Specific KUGOWN Tasks:

A. Based in Guatemala:

1. PT/1:

Identity - ESSENCE

Responsible Officer - C/S, Guatemala City

Mission - To develop secure principal agent to replace HEDIGER in the handling of ESSENCE; to be credited to the latter through RUFUS; to conduct operations independently of RUFUS - coordination to be handled by Project Headquarters; to develop ESSENCE's capabilities to maximum in support of KUGOWN program; to develop compartmentation within this group endeavoring to establish direct relations between P/A and major elements.

Estimated cost: \$10,000.00

2. PT/2:

Identity - [] Guatemala City

Responsible Officer - C/S, Guatemala City

Mission - Through the assistance of the Ambassador, the C/S will arrange to utilize the services and facilities of [] to disseminate overt Psych-war material to anti-Communist press and radio outlets. Material for this purpose will be provided by Project Headquarters.

Estimate cost: No expense foreseeable at this time.

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B. Based in El Salvador:

1. PT/3:

Identity - F.A.G.E.

Responsible Officer - []

Mission - To establish secure cut-out to be credited to P/A, F.A.G.E., by RUFUS in order to compartmentalize and control this operation in El Salvador - coordination with RUFUS to be effected through Project Headquarters; themes, material and other services to be provided by Project Headquarters.

Estimated cost: \$2,000.00

2. PT/4:

Identity - To be determined

Responsible Officer []

Mission - To establish secure cut-out to develop contacts in Salvadoran press and radio facilities to carry anti-Communist themes and material provided by Project Headquarters.

Estimated cost: \$400.00

3. PT/5:

Identity - [] , San Salvador

Responsible Officer - []

Mission - Through the official position and established rapport of [] every effort will be made to utilize the services and facilities of the [] to disseminate overt psych/war material to anti-communist press and radio outlets. Material for this purpose will be provided by Project Headquarters.

Estimated cost: No expenses foreseeable at this time.

C. []

PT/6

Identity - CEUAGE

Responsible Officer - KUGOWN Case Officer []

Mission - To develop and conduct operations in support of KUGOWN program under the direction and with the support of

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~~WILL NOT BE SUCCESS~~

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Project Headquarters; to develop compartmentation within this group, endeavoring to establish direct relations between case officer and major elements through suitable cut-outs where required.

Estimated cost: \$10,000.00

D. Based in Mexico:

1. PT/7

Identity - LIONIZER group

Responsible Officer - KUGOWN Officer, []

Mission - To establish [] as cut-out between [] and LIONIZER in coordination with Project Headquarters which would have him accredited to this group; to develop and exploit this medium as directed by Project Headquarters for diversionary purposes.

Estimated cost: \$1,000.00

2. PT/8

Identity - ORIT/AFL

Responsible Officer - KUGOWN Officer, []

Mission - To develop contacts in this organization with the objective of utilizing same as the medium for disseminating anti-Communist labor material concerning Guatemala which will be provided by Project Headquarters.

Estimated cost: \$400.00

3. PT/9

Identity - Anti-Communist Press and Radio Contacts, Mexico

Responsible Officer - KUGOWN Officer, []

Mission - To utilize all available anti-Communist press and radio contacts for dissemination of themes and materials provided it for this purpose by Project Headquarters.

Estimated cost: \$500.00

E. Based in Nicaragua:

PT/10

Identity - Anti-Communist Press and Radio Contacts in Nicaragua.

Responsible Officer - []

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Mission - To utilize available anti-Communist press and radio contacts to disseminate themes and material provided by Project Headquarters for this purpose.

Estimated cost - \$400.00

Based in []

1. PT/11

Identity - Covert editorial staff

Responsible Officer - Senior KUGOWN Officer, PBSUCCESS

Mission - To provide an editorial staff utilizing [] Senior Advisor, in order to provide proper uniformity of themes and material consistent with the KUGOWN program of this Project. Safe house operation.

Estimated cost - \$4,000.00

2. PT/12

Identity - Covert writing staff

Responsible Officer - Senior KUGOWN Officer, PBSUCCESS

Mission - To provide a creative writing staff to prepare material for dissemination to field outlets under the direction of the editorial staff. Safe house operation.

Estimated cost - \$4,000.00

3. PT/13

Identity - Covert radio staff

Responsible Officer - Senior KUGOWN Officer, PBSUCCESS

Mission - To provide script material for clandestine broadcasts and overt broadcasts in the field under the direction of the editorial staff. Safe house operation.

Estimated cost: \$4,000.00

4. PT/14

Identity - Clandestine Radio(SANTA FE)

Responsible Officer - Senior KUGOWN Officer, PBSUCCESS

Mission - In coordination with KUCLUB Officer, PBSUCCESS, develop a clandestine broadcast program for transmission, when so directed, at the target audience.

Estimated cost - To be provided by KUCLUB

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5. PT/15

Identity - "Ghost Voice" - intrusion radio program

Responsible Officer - Senior KUGOWN Officer, PBSUCCESS

Mission - To recruit and train suitable persons capable of conducting this program when so directed.

Estimated cost - No cost anticipated during this stage aside from that of KUCLUB.

6. PT/16

Identity - Military intrusion radio operation

Responsible Officer - Senior KUHOOK Officer, PBSUCCESS

Mission - To study and prepare a suitable program based upon the information provided by KUCLUB to be held in readiness for Stage Four; to anticipate the requirements for either the voice or text which will be required in this program.

Estimated cost - No cost anticipated during this stage aside from KUCLUB.

7. PT/17

Identity - Psychological/economic Pressure

Responsible Officer - Senior Economic Warfare Officer and Senior KUGOWN Officer, PBSUCCESS

Mission - To study the economic situation in the light of contacts in the United States with commercial companies in order to derive a program of psychological/economic harassment program for implementation during this stage.

Estimated cost - \$500.00

V. Proposed, Specific KUHOOK Tasks:

A. Based in Honduras:

MT/1

Identity - RUFUS

Responsible Officer - Jacob R. SEEKFORD

Mission - To complete the assessment assigned during Stage One in order to determine factually the resources and capability of RUFUS to fulfill the requirements of

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this Project; if this assessment is satisfactory and warrants further development, a cadre class of military leaders will be selected and screened for KUHOOK training in Nicaragua; if warranted, such assets and capability which appear to be present will be developed and exploited in order to establish the basic requirements for such a KUHOOK force as envisioned for this program; if warranted, necessary equipment for training and for preparing the training base will be moved to training site; a nine (9) week training program will be implemented during this period.

Estimated cost - \$50,000.00

B. Based in El Salvador:

MT/2

Identity - KUHOOK Staging Sites

Responsible Officer - []

Mission - Utilizing information and contacts from KUFIRE sources, to reconnoiter the border area on the El Salvador side in order to select suitable sites for basing future KUHOOK teams in the final stages of this program; to establish safe houses, safe routes and communications as well as transportation facilities once sites have been selected; to establish a secure cut-out for this purpose who would eventually serve as P/A for KUHOOK operations based in El Salvador.

Estimated cost: \$2,000.00

C. Based in Nicaragua:

MT/3

Identity - KUHOOK Training Base

Responsible Officer - KUHOOK Training Officer, PBSUCCESS

Mission - Utilizing facilities provided [] through RUFUS, to establish and maintain a covert KUHOOK training school to accommodate thirty(30) students; to prepare training agenda to include field exercises; to prepare a secure maneuver area apart from the training site for night training and firing practice; to prepare to accommodate a radio operator training class of about twenty (20) students, providing full assistance to the KUCLUB instructor; to be the responsible PBSUCCESS officer for the conduct and operation of this training school.

Estimated cost: \$30,000.00

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D. Based in Colombia:

MT/4

Identity - C J

Responsible Officer - C J

Mission - To establish, through a secure cut-out, C J as P/A for the covert selection and recruitment or C J on inactive duty; to confine these activities to a maximum of twenty(20) highly dedicated individuals in order to form a potential cadre for possible employment under the KUHOOK program; PBSUCCESS; to organize and vitalize this group under cover of militant anti-Communists prepared to undertake hazardous assignments within the Hemisphere without any reference whatever to target country.

Estimated cost - \$4,000.00

E. Based in Mexico:

NT/5

Identity - Militant Guatemalan Exiles in C J

Mission - To provide a secure cut-out in readiness in the event it becomes desirable to organize a recruiting service in Mexico to form supporting teams for the KUHOOK program; to prepare the cut-out to establish and maintain relations with Guatemalan P/A in Mexico to be designated by RUFUS who would accredit him to the cut-out; to utilize communications facilities of C J to expedite this operation upon request from Project Headquarters.

Estimated cost - \$400.00

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INTERIM REPORT
ON
STAGE TWO
PBSUCCESS

STAGE II
INT. RPT.

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EXDAP/PBSUCCESS

15 February 1954

INTERIM REPORT

ON

STAGE TWO

PBSUCCESS

REFERENCE: "Report on STAGE ONE, PBSUCCESS," dated 15 December 1953.

1. Submitted herewith is an Interim Report on the progress of PBSUCCESS during Stage Two of "Program for PBSUCCESS," covering the period 16 December 1953 to 15 February 1954. The report consists of:

PART ONE - "Assessment/Analysis"

PART TWO - "Project Organization"

PART THREE - "Extension Operational Plans for Stage Two."

2. "Stage One Report, PBSUCCESS," while setting tentative time schedules for planning purposes, emphasized the need for flexibility and the importance of realistic assessment over adherence to arbitrary estimates. By such criteria, it is believed that sufficient progress has been made to justify the continuation of the project. It is also believed that experience thus far gained in Stage Two demonstrates clearly the soundness of the original appraisal as to:

Urgency: Because the enemy, in the face of opposition, has made noteworthy effort to strengthen his position, the time factor remains paramount if friendly forces are to overcome the enemy's advantages.

Effort: The appreciation gained of enemy capabilities makes it appear essential that appropriate and intensive effort be employed to counterbalance them.

Thoroughness: Further evidence of the deep entrenchment of the enemy in the target country, plus increasing indications of Soviet support, make it even more evident that a thorough governmental change in the target country is required. It is further evident that the enemy must be completely neutralized after victory in order to avert the dangers of a counterattack.

3. I recommend concurrence in this report and that PBSUCCESS be authorized to continue with the implementation of Stage Two operations in the manner contemplated herein.

CONCURRENCES:

[SD/WH]

DD/P

CWH

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RYBAT/PBSUCCESS

INTERIM REPORT

ON

STAGE TWO

PBSUCCESS

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PART ONE
ASSESSMENT/ANALYSIS

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PART ONE
ASSESSMENT/ANALYSIS

I. GENERAL:

Upon concurrence in the Stage One Report and its operational plans for Stage Two, implementation of these plans was begun, with the expectation that the objectives of Stage Two would be fulfilled on or about 15 February 1954. However, for reasons defined herein, this time schedule has not been met. Accordingly, in order to obtain further concurrence for contemplated operations beyond this date, an interim assessment and analysis is provided herewith for this period.

II. ENEMY SITUATION: (15 December 1953 - 15 February 1954)

A. Assessment

1. Political

In early January, 1954, the enemy showed signs of unusual sensitivity with regard to the internal and external opposition.

On 20 January Guillermo OVANDO Arriola, President of the Congress, was shot and wounded by an unidentified assailant. Shortly thereafter, on 23 January the Guardia Civil arrested approximately fifteen anti-Communists, conducted numerous house searches, and instituted temporary road blocks around Guatemala City. However, a number of these arrests were regarded by informed local observers as merely "fishing expeditions"; this view was to a certain extent substantiated by the rapid release of some of the arrestees and various indecisive Government announcements that all was quiet and that no plots against the Government were in progress. Enemy action on the arrests seemed to indicate considerable apprehension and nervousness. A sudden departure of MARTINEZ, Chief of DAN, for Europe served to confirm this pattern. MARTINEZ was, on the one hand, reported as fleeing for his safety because of conflicts with Communist rabble-rouser Carlos Manuel PELLEGER and on the other, as going to Switzerland to engage in arms purchases and/or banking get-away money for Guatemalan leaders. On 29 January the enemy released a seven page "White Paper," purporting to disclose a plot of traitorous Guatemalans supported by Nicaragua, Venezuela, the Dominican Republic, El Salvador, and "the government of the North." This paper contained the following significant points:

- a. Guatemala was a victim of an international plot against her national sovereignty and territorial integrity.
- b. The plot was supported by the United Fruit Company, General and Colonel SOMOZA and unidentified high U. S. officials.
- c. The military leader was identified as Carlos CASTILLO Armas, and mention was made of a CASTILLO Armas-YDIGORAS Fuentes pact.

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d. President SOMOZA was alleged to be supplying arms to the plotters through a Managua firm, A. SOMOZA and Co., Ltd. Liaison between CASTILLO Armas and SOMOZA was effected by Jose Isaac DELGADO, Commercial Attache of the Panamanian Embassy, Nicaragua.

e. A photostatic copy of a letter from CASTILLO Armas to President SOMOZA, dated 20 September 1953, stated that CASTILLO Armas' movement had the acquiescence of the "Northern Government" and the support of El Salvador, the Dominican Republic, and Venezuela.

f. CASTILLO Armas had a Nicaraguan passport in the name of Carlos CENTENO Aguilar.

g. CASTILLO Armas' military plan contemplated landings on the Guatemalan Pacific coast by troops from Nicaraguan ports, with aerial bombardment of towns and airports on the coast. Simultaneously, land attack was to be launched from Honduras toward Chiquimula and Zacapa. There was to be a coordinated uprising in the Guatemalan capital where arms were already stored. Arms were also ready in Tiquisate.

h. CASTILLO Armas' plan included paramilitary training on Momotombito Island (code name allegedly "El Diablo"), Nicaragua, and on SOMOZA's farm El Tamarindo (with code name "Tap Tap"). The general base of operations was an unused airfield near Puerto Cabezas.

i. The P/A was identified as a colonel released by the U.S. Army and placed at the disposal of the United Fruit Company for training saboteurs and radio technicians. The P/A allegedly possessed an entry-exit visa from SOMOZA. A photograph of the P/A and of his passport appeared in the Guatemalan press.

j. Semi-clandestine radio station HR-IHF, frequency 760 kilocycles, was located in the home of H. FAITH, Tegucigalpa. Another, with call letters UN-1-J-D, was located in the Managua home of DELGADO and was allegedly used for CASTILLO Armas' communications. Codes used were now being broken by Guatemalan technicians.

k. Archie BALDOCCI allegedly offered the plotters "Sea Fire" planes at \$20,000 each.

l. The P/A of CASTILLO Armas in Guatemala was Miguel CAMACHO Labbe (now a refugee in Salvador). Information requested by CASTILLO Armas on military installations in Guatemala was now in the possession of the Guatemalan authorities. Also, Jose Maria TICAS had prepared a report on all government radio installations and had delivered it to CASTILLO Armas. Horacio DE CORDOVA and Roberto VIZCAINO Rubion were accused of paying TICAS \$2,000 for the information received.

m. Roberto CASTILLO Sinibaldi, Radio CIROS, had confessed that an unidentified Salvadoran requested him to obtain 15 radio technicians to operate portable equipment for invasion use.

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n. The Government has claimed that it had, and would give the press, photostatic proof of the accusations. The White Paper closed with a statement that additional proof, implicating certain governments, was also available. The government stressed its ability to withstand enemy efforts and threatened to bring the case and its evidence before international organizations if provocative efforts continued.

The White Paper was apparently designed, on the domestic front, to disrupt any concerted opposition effort. It was followed up in Guatemala by a Congressional condemnation of CASTILLO Armas and YDIGORAS Fuentes as traitors. Further, two American newsmen were expelled from the country, the Guatemala City police began to jam domestic anti-Communist broadcasts, and veiled threats against the freedom of the independent Guatemalan press were made. In sum, the preceding arrests and the White Paper itself marked a beginning of more severe internal repression and a tightening of internal security.

Presently available evidence indicates, however, that the actual effect of the arrests and the White Paper on the Guatemalan public was perhaps less than the enemy expected. Numerous reports suggest that the Guatemalan public regarded the White Paper and its accompanying documents as vain, senseless fabrications, which tended to discredit a government resorting to them more than they discredited the parties accused. There were other reports to the effect that opposition elements in Guatemala were actually heartened by the news that foreign help was being made available to them.

On the international front, the White Paper was intended to serve as a propaganda buildup for the OAS Conference and to discredit the U. S. position at that conference, by placing the U. S. in the same category as the so-called "imperialist dictators, "SOMOZA, TRUJILLO, and PEREZ Jimenez.

This intended function of the White Paper was buttressed by a hemisphere-wide Communist propaganda campaign, sparked by the CTAL, against "intervention" and "imperialism". Communist resolutions and expressions of solidarity with the Guatemalan cause poured in from all over Latin America. Significantly, the Soviet press and radio greatly stepped up their support of the Soviet satellite in Central America.

Despite the extent and intensity of this press campaign, the Guatemalan follow-up on the White Paper was marked by definite uncertainty and hesitation. Foreign Minister Guillermo TORIELLO hastened to announce that relations with Nicaragua were wholly friendly. In addition, when the Nicaraguan Ambassador complained to TORIELLO that some of the photostated "proofs" attached to the White Paper clearly contained forgeries of Colonel SOMOZA's signature, the Guatemalan Government on 1 February hastily called in the "proofs" from all available press media.

While itself uncertainly on the propaganda offensive, the Guatemalan Government showed unusual sensitivity to attack, as evidenced by its long and loud reactions to the speeches of Senators Alexander Wiley and Margaret Chase Smith.

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2. Intelligence

Stage One Report, PBSUCCESS, stated that the enemy had been successful in penetrating previous anti-Communist revolutionary movements. Stage One Report, PBSUCCESS, also stated that the enemy possessed an intelligence service that was, by Central American standards, superior. Evidence since then amplifies these observations.

The arrests conducted on 23 January were so carried out that they showed considerable advance knowledge of who the key opposition leaders were. The evidence contained in the White Paper revealed the enemy's effectiveness in penetrating and doubling key members of opposition movements.

Careful analysis of the White Paper and the possible sources of enemy information proved somewhat less alarming because most of the information could be traced to one source, Jorge Isaac DELGADO, Panamanian Commercial Attache and confidant of CASTILLO Armas. It must also be recognized that past poor security practices have largely simplified the enemy's task.

Nonetheless, enemy intelligence activities during the period, taken together with increasing evidence of overt Soviet support, which indicates an even greater degree of covert international Communist support, now indicate the possibility that the enemy intelligence service should be regarded as a part of the Soviet, or international Communist, intelligence service. This estimate is essential to a proper appreciation of the magnitude of the task confronting PBSUCCESS.

3. Propaganda

The effectiveness of the numerous and manifold propaganda media available to the enemy was clearly demonstrated in the play which followed the publication of the White Paper on 29 January. In addition to controlled press, radio, and assemblages, the enemy utilized extensive murals and sound truck procedures to extol the Communist lines. This internal demonstration of mass propaganda was noticeably augmented by external Communist propaganda manifestations throughout Latin America, the Daily Worker in the United States and Radio Moscow, thus evidencing, as in the case of intelligence, the close tie-in of Guatemalan propaganda media with those of international Communism.

Thus, PBSUCCESS is confronted with a propaganda machine of major proportions. It is believed that the foregoing appraisal of the Communist propaganda capabilities will assist in guiding the magnitude of PBSUCCESS' necessary counter-effort.

4. Military and Paramilitary

Although no noticeable change in numerical strength has occurred during this period within the Guatemalan Army, the effectiveness of this force is now considered lower than originally estimated. An appraisal of available information indicates that, parallel to apparent efforts of the Communists to bestow gratuities and privileges on the officer corps, a systematic debilitation has been carried out through omission of proper logistical support, thus reducing the combat effectiveness of the army. Present indications are that large numbers of the officers know the foregoing and, not being able to accept Communism, are susceptible to defection once assured of success.

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There is insufficient information available at this time to be able to determine the loyalties of the NCO's and the EM's, although several reports have indicated that the Communists have endeavored to indoctrinate these lower grades. The only known theme being employed at the present time by the Communists is along the line that the soldiers should not obey the orders of their officers if called upon to fire upon the people.

Simultaneously with the attrition system apparently being employed on the armed forces, the enemy has noticeably strengthened the Guardia Civil logistically and ideologically. Although there are numerous indications of arms shipments being received by the Guardia Civil, the most important of these known to be confirmed indicated that 300 SMG's of foreign make were delivered to the Guardia Civil primarily for distribution in Guatemala City. In their raids mentioned above on 23 January, it was reliably reported that the police carried SMG's.

There have been other reports tending to confirm activations of paramilitary forces among labor and farm elements under Communist control. Although the information available is inadequate for planning purposes, it is believed that the enemy has approximately 20,000 armed members in his paramilitary forces. As in the case of the Guardia Civil, most of this strength is either in or close to Guatemala City. Accordingly, it is evident that the enemy does not place full reliance on the Guatemalan Army to defend his government and has systematically organized other forces which, in the event of defection of the army, would be counted on to maintain the enemy in power. In recapitulation, the enemy's armed strength appears to be as follows:

Armed Forces	7,000
Guardia Civil	3,000
Paramilitary	<u>20,000</u>
Total	30,000

(It will be noted that no information is available on the strength or mobilization plan for reserve personnel.)

B. Analysis

The foregoing significant developments projected against the history and description of the enemy provided in Stage One Report confirms the prior recognition of the magnitude of the PBSUCCESS operation. They further demonstrate the previously mentioned fact that the enemy was aware of a serious threat to him and was fully exploiting his capabilities to increase his strength and preparedness for such an eventuality. Accordingly, time becomes an extremely important factor and urgently demands an intensive and properly directed effort to fulfill the objectives of PBSUCCESS.

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III. Friendly Situation:

A. Assessment

L. Political

During the month of January, Luis ARENAS and Joaquin OCANA, prominent Guatemalan anti-Communists and members of the PUA (Partido Unificacion Anti-Comunista), visited the United States and solicited financial aid from members of Congress, the Department of State and from private American sources. They also contacted Colombian, Nicaraguan and Dominican Ambassadors for the same purpose. Although they claimed to have received assurances of \$500,000 from Senator McCARTHY, they later reduced their claimed figure to \$200,000 and, admittedly, even this figure was not confirmed. OCANA remained in the United States while ARENAS returned to Guatemala where he proceeded to discuss loosely and in exaggerated terms the support which he had allegedly received in the United States to finance a revolution. Although ARENAS is considered anti-Communist, his actions and insistence that the revolt be staged prior to 15 February or before the OAS Conference is believed to have contributed somewhat to the anxiety of the government and may have precipitated the arrests of 23 January.

Aside from the alleged support from the outside obtained by ARENAS/OCANA, this period is characterized by numerous spurious offers of aid to anti-Communist elements and to the enemy. Most noteworthy among allegedly friendly offers was one from a "European benefactor" through a New York broker to [] CALLIGERIS via a Guatemalan in Mexico City named []. Secondly, CALDERON Guardia, ex-president of Costa Rica, informed [] and CALLIGERIS that President PEREZ Jimenez of Venezuela had also offered financial as well as air support. With the exception of one Venezuelan offer, all evidence to date indicates that the other offers were provocations for various purposes, undoubtedly instigated by the enemy.

On 15 January [] officially joined LINCOLN operations, taking residence at [] where he was debriefed thoroughly and subsequently conditioned for the forthcoming policy conference with CALLIGERIS. On 28 January, CALLIGERIS arrived at LINCOLN and was housed at [] where conferences took place under technical surveillance. Although a carefully prepared agenda had been arranged for this meeting, the first between the leaders in over a year, the advent of the White Paper a day later dominated all discussions.

The early stages of the [] CALLIGERIS conference were devoted to an analysis of the White Paper and its sources. Prior to publication of the White Paper, both [] and CALLIGERIS had shown considerable reservations about accepting the "GROUP's" security, financial, and control procedures. Immediately after the White Paper came out, CALLIGERIS demonstrated great reluctance to admit that the compromise could be traced to his organization. Further study of the White Paper and its consequences, plus [] CALLIGERIS awareness that the "GROUP" took a most serious view of developments and was in the process of making basic decisions regarding future operations, made both [] and CALLIGERIS amenable to a fundamental tightening-up of operations.

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Accordingly, it was determined by LINCOLN that before any discussion should take place regarding future operations or procedures, a firm understanding should be established. LINCOLN prepared a written set of principles, a "Gentlemen's Agreement," (Attachment A), which defined the efforts of LINCOLN, as the "GROUP," and those of FAWCETT and CALLIGERIS, as the "JUNTA". These principles, although stated in general terms were sufficiently clear to establish the following basic points of agreement:

a. Objective

To dedicate each other to the ultimate liberation of Guatemala in order to install a government of the people.

b. Security

The JUNTA agreed to recognize the importance and necessity for security throughout the operation. The GROUP agreed to provide experienced personnel for technical assistance to maintain security.

c. Funding

The GROUP assured the JUNTA that adequate funding would be made available to insure the success of the undertaking and defined budget forecasting and compartmentalized disbursement of funds in the field.

d. Communications

The GROUP agreed to provide secure channels of communications, and the JUNTA agreed to utilize such channels in all further operations.

e. Definition of Responsibilities

The GROUP will undertake all technical assistance and logistical support within its capabilities and consistent with the requirements of the undertaking.

The JUNTA will assume the responsibility for providing the leadership, inspiration, mobilization, and execution to and of the forces at its disposal as agreed upon by both parties.

The point of coordination between both parties will be established at agreed upon sites, e.g., LINCOLN, where a representative of the GROUP would be in contact with [] who would represent the JUNTA.

CALLIGERIS would assume responsibility for military leadership and inspiration for the forces under his command, continuing same upon the termination of this undertaking as agreed upon.

[] would assume the responsibility for political propaganda and overall intelligence activities of the JUNTA, vis-a-vis the GROUP.

The GROUP would provide competent advisors to assist

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the JUNTA at various echelons and places agreed upon.

The GROUP agreed to the JUNTA's acceptance of outside offers of aid, providing all commitments so involved were presented to the GROUP for review in concert with these terms of the agreement.

The contents of the foregoing paper were agreed upon by LINCOLN and the JUNTA with the exception that the latter requested the addition of one clause regarding the timing of the action. Both parties agreed to act at the earliest possible point of readiness. Upon acceptance of this qualification, the document was signed, and the signed copy burned in the presence of the contracting parties, thus constituting a firm "Gentlemen's Agreement" on mutual participation in PBSUCCESS. Upon the completion of this formalized agreement, intensive discussions were held on the various main subjects involved and reported hereinafter.

It is pertinent to note that the foregoing represents the first clearly defined relationship between CIA and C J/CALLIGERIS and also served to establish J as the recognized spokesman for CALLIGERIS and CALLIGERIS as the recognized nominee for the new government to be established in Guatemala.

The AFL Congress in Miami, Florida, adopted a strong resolution to defend the free workmen of Guatemala and to protest against the Communist government in that country. This signaled the voluntary entry of American labor into the field.

2. Intelligence

The CALLIGERIS KUFIRE Guatemala assets were not formalized until Stephen R. LUGTON's January, 1954, trip to LINCOLN. These nets and sources have not been thoroughly checked beyond the information given to LUGTON by SEQUIN, who was in direct contact and in charge of the nets in Guatemala. SEQUIN is presently out of Guatemala and will be in contact with LUGTON for direction of the nets.

Two of SEQUIN's nets are reported to still be in operation. The third, or SECANT net, is presently inactive due to SECANT's incarceration by the Guatemalan Government. SECANT was released as of 6 February 1954, and plans are under way to get him out of Guatemala. SECANT was a very important man in the military setup and as a contact with the military people. It will be necessary to debrief him completely and, if possible, LOFLUTTER him, to find out the extent of compromise and what, if any, clean contacts are still active or can be activated in military circles.

CALLIGERIS during his January-February 1954, visit to LINCOLN prepared a list of his sensitive Honduran and Salvadoran and diplomatic sources. These sources are reporting to CALLIGERIS on a strictly personal and confidential basis. The sources look impressive but will have to be checked in every way possible with information from other sources.

The White Paper disclosed much of the old modus operandi.

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names of many of the individuals involved, and such things as training sites; nevertheless, it served to solidify the GROUP's position with CALLIGERIS and [] particularly in respect to the importance of KUFIRE (CE); and to bring about a better understanding and better control of the operation.

The White Paper has made CALLIGERIS very aware of the fact that any member of his staff could be bought out from under him and also pointed out to him the need for compartmentation and the need to tighten up the general security of the whole operation.

CALLIGERIS was fully briefed before his return to Honduras on all aspects of the intelligence side of the operation. LUGTON is back in the field working with CALLIGERIS, SETTLER, and SEQUIN, attempting to put the plans into operation and getting the intelligence nets operating in a secure and productive manner.

The conference with the Station Chiefs from Guatemala, on 12-13 February 1954, served to familiarize the field completely with the operational plan and to bring LINCOLN up-to-date on the assets in the three different countries.

The intelligence effort in Nicaragua and El Salvador will be of a support and CE nature in order to protect the KUHOOK training and staging sites in the two countries. The three tasks assigned to [] coupled with [] close contact with the [], should provide adequate support in Nicaragua.

In El Salvador, the development of the seven tasks assigned to that country plus the numerous contacts of [] should be adequate protection of the KUHOOK staging sites in that country.

The Guatemala Station has nine tasks assigned; the tenth has been dropped, since the source moved to Mexico. He will be picked up there as a KUGOWN task. The KUFIRE assets consist of the ESCONSON and ESCROW projects plus the several informants who supply psychological intelligence from their unwitting sources. Most of the intelligence from the Station is presently from unwitting sources. With the arrival of two operations officers the Station will make every effort to effect witting penetrations of the Communist Party and the Government, thus obtaining a much greater coverage and better direction of the present assets.

It is also planned to attempt to establish cutouts for some of CALLIGERIS' nets in order to be able to receive information faster and eliminate the vulnerable courier routes into Honduras or El Salvador.

In Mexico [] will continue to handle targets of opportunity in Guatemalan Communist activities.

A significant operational development during the period was the issuance, by LINCOLN, of the Psychological Intelligence Directive. PI is defined by the directive as "deliberate, orderly examination of the attitudes in and toward a given situation of both

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friendly and hostile individuals and social groups." The objectives of PI are to ascertain enemy psychological strengths and vulnerabilities; to ascertain specific means of attacking the enemy by psychological warfare; to ascertain friendly psychological strengths and vulnerabilities; to ascertain specific means of bolstering friendly forces by psychological means; to ascertain the effectiveness, or lack thereof, of PBSUCCESS KUGOWN activities; and to ascertain the psychological readiness of friendly and enemy forces for the implementation of the successive stages of PBSUCCESS. PI coverage is to be directed at enumerated target groups in specific target areas of Guatemala. Reports are to be rendered daily and weekly. Based on PI reports from field stations, LINCOLN will, on a weekly basis, submit an Evaluated PI Estimate to Headquarters and to reporting field stations.

3. Propaganda

During the period, the KUGOWN assets reported in Stage One Report, PBSUCCESS (El Rebelde, CEUAGE, El Combate, and the LIONIZER Boletín), published several issues, with no noticeable increase in the quality of content or efficiency of distribution. The ESSENCE group in Guatemala City also engaged in the pasting of stickers, in the spreading of anti-Communist rumors, and in firming up its own organizations.

At LINCOLN three safehouses for KUGOWN personnel and operations were acquired. [] occupied by [] and by "Robert FORD," the GROUP Liaison Officer with the JUNIA, has been in full operation since 15 January. A case officer for [] was returned to Washington due to unsuitability on 20 January, and no replacement has arrived during the period. A case officer for [] arrived at LINCOLN on 28 January, but because of involvement in a car accident and the necessity for resolving various personal details in Washington, he did not occupy the site until 15 February.

Further delays on the implementation of the KUGOWN program resulted from a three-week holdover in Washington of the Deputy Chief, LINCOLN; arrival of the C PP only on 20 January; delay in pouching procedures, which in turn delayed receipt of information from the field on prospective writers to work in the above safehouses; a four-week delay of one of the field KUGOWN case officers due to administrative cover problems; documentation and cover difficulties of the KUGOWN case officer in Guatemala.

Specific KUGOWN assignments carried out, apart from the contemplated continuous KUGOWN program, consisted of preparation of guidance for KUGOWN exploitation of the arrests conducted by the Guatemalan Government and of the White Paper; assistance in the preparation of a CALLIGERIS speech and a CALLIGERIS press release (neither of which have found their way to the public); planning for KUGOWN action prior to and during the OAS Conference; a field survey of potential PBSUCCESS KUGOWN assets in Mexico; an exploration of additional KUGOWN possibilities with the Chiefs of Station in the PBSUCCESS Regional Command. Considerable planning discussion was conducted with [] and CALLIGERIS on the future systems of communications, funding, and direction for the KUGOWN program.

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Due to the importance and urgency of the KUGOWN effort within the framework of PBSUCCESS, LINCOLN now envisages the possibility of proceeding with its staff and field station assets at hand in the most expeditious manner, prior to receiving the full complement of KUGOWN assets.

4. Military and Paramilitary

Upon entering Stage Two, it was acknowledged that no confirmed indigenous assets were on hand for the KUHOOK program with the exception of those indicated by CALLIGERIS. However, predicated on his statements and those of the case officer, SEEKFORD, a training camp under MT/3 was organized on 14 January and established as SARANAC [

On 15 January the first black flight was successfully executed, delivering the arms and equipment for both SARANAC and the agent radio-training school, SCRANTON. The training of these 30 men proceeded as scheduled thereafter until the expose of the White Paper, at which time, under the direction of [] the SARANAC camp was changed to a new location approximately 60 kilometers from its former site.

During the CALLIGERIS debriefing at LINCOLN it was ascertained that instead of the original request established by LINCOLN for 30 leader-type candidates, SEEKFORD had requested only 30 low-level sabotage candidates, and CALLIGERIS was unaware of the requirement for leaders. Arrangements were immediately made to change the original training schedule to complete the training of the 30 saboteurs and by 15 February to establish a second class which would consist of the leaders originally contemplated for SARANAC. By eliminating sabotage and demolition from the leader training program, it was determined that the entire training schedule could be reduced to a seven-week period and thereby accomplish the objectives of MT/3.

The expose in the White Paper on 29 January may have compromised certain KUHOOK assets of CALLIGERIS, although such assets had never been confirmed by LINCOLN. It was revealed by CALLIGERIS that he did not know the actual identities of his key personnel within the various target areas, as this information was known only to SECANT who was among those arrested on 23 January. This startling revelation leaves LINCOLN completely uninformed as to the actual strength behind the JUNTA and, in essence, means starting practically from the beginning to develop and to organize the necessary strength to fulfill the objectives of this project.

Owing to the unwillingness of LINCOLN to accept any claims without verification, this new situation does not materially affect the KUHOOK program. Therefore, with the exception of the personnel actually identified and present at SARANAC and SCRANTON and known to be present with CALLIGERIS in Honduras, LINCOLN has no confirmed assets within the target country as of this date although CALLIGERIS has indicated his belief that various groups throughout the country are friendly, totalling approximately 1,500 men.

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During CALLIGERIS' stay at LINCOLN, the military plan was thoroughly reviewed with him, and complete accord was established. Upon his departure from LINCOLN on 4 February, it was understood that he would:

- a. Undertake to re-establish his contacts in Salvador, Honduras, and Nicaragua;
- b. Arrange for the movement of his leader candidates for SARANAC;
- c. Firm up details regarding the establishment of six staging sites, three in Honduras and three in Salvador;
- d. Endeavor to obtain the cooperation of the Presidents of Salvador and Nicaragua for the establishment of a transmittal site for SHERWOOD;
- e. Upon satisfactory conclusion of the foregoing, to determine the feasibility of making a visit to Caracas, Venezuela, reporting back, however, to LINCOLN before making such a trip.

It was the firm opinion of the CPM, PBSUCCESS, that the foregoing conference with CALLIGERIS firmly established for the first time CALLIGERIS' clear understanding of what constituted unconventional warfare and his apparent full support for the adoption of the techniques and procedures of UW.

On 25 January PBSUCCESS logistical plan was presented to Headquarters for concurrence and implementation (Attachment B). This program provided for the movement of appropriate amounts of arms and equipment to FJHOPEFUL by 25 February to permit the preparation and packing into kits which are to be cached within the target areas. A second shipment was requested to arrive at FJHOPEFUL by 1 March for preparation of kits for staging sites. A third logistical requirement is to be established for the contingency reserve program. Satisfactory arrangements were completed with Headquarters for the assignment of a packing team at FJHOPEFUL to handle the foregoing requirements.

During the above period considerable planning was devoted to the preparation of the Air Support Plan necessary to fulfill the logistical requirements indicated in the above plan. About 35-40 black air lifts are contemplated in order to meet the logistical requirements in the military plan. On 12 February Headquarters assigned an Air Operations Officer to LINCOLN to report there on 14 February in order to supervise the overall execution of the Air Support Plan based at FJHOPEFUL.

5. Communications

The SARANAC camp was established on 25 January with 4 trainees when, on the 29th, with the publication of the White Paper, Headquarters directed the recall of the principal case officer, thus suspending the training program. Plans are under way to find a suitable replacement for the latter officer, and it is contemplated that such a person, a contract civilian, would be made available to

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LINCOLN for this purpose on or about 18 February at which time the training would be resumed.

CALLIGERIS had been requested to expedite the recruitment of candidates for this school. It will be noted that in this case also CALLIGERIS had only been asked, by SEEKFORD, to provide experienced radio operators and had not been informed that persons with some technical knowledge or simply aptitude would be acceptable. CALLIGERIS, upon clarification of the matter, offered to bring the quota of this training class up to full strength during his present visit to the area.

On 14 January, immediately prior to the shipment by black flight of the communications equipment, SEEKFORD cabled that [] refused to accept SHERWOOD in Nicaragua. This, therefore, necessitated the unloading of all this equipment prior to the departure of the flight. In the meantime, CALLIGERIS has been requested, as above, to personally endeavor to arrange for the location of SHERWOOD in either Salvador or Nicaragua. In addition to this effort, Headquarters is exploring the possibility of utilizing [] Santa Fe as originally contemplated as well as the possibility of conducting this operation from a floating base.

B. Analysis

Owing to the administrative delays indicated in Part Two and estimated at approximately 30-40 days, and the arresting effect of the White Paper, the operational development of PBSUCCESS has been effectively retarded in a like manner. Thus, despite the progress indicated in the foregoing, in general PBSUCCESS has not been able to fully prove the potential assets described in the Stage One Report nor clearly determine the extent of real assets. The greatest development during this period was the apparently firm establishment of guiding principles between PBSUCCESS and the JUNTA and the latter's assurance of full acceptance of PBSUCCESS' proposed procedures and techniques. With this common understanding and agreement it is believed that considerable uncertainty has been eliminated and that PBSUCCESS may now proceed to prove and develop the necessary mechanisms originally contemplated for Stage Two. An extension of approximately 30 days is indicated for Stage Two.

IV. Conclusions:

A. Enemy

1. Capabilities

Information remains inadequate to reliably determine the enemy's full capabilities. Available but incomplete information indicates enemy political and military strength is formidable, greatly exceeding present capabilities of friendly forces. The rate of enemy build-up appears to be accelerated and expanded.

2. Intentions

Although inadequate information is available to determine enemy intentions with any degree of reliance, the overt manifestations of the enemy clearly indicate that the Communist enemy of Guatemala is enjoying certain support of Communism's international facilities and services. Therefore, it appears that substance has been added to the

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heretofore metaphorical statement of a Soviet "bridgehead" in Central America and that the Communist enemy intends to exploit his advantages in order to retain his present position. There are no indications to date of external material assistance by Communist allies except in minor form. Present external assistance seems confined to propaganda, technical guidance, and ideological support.

B. 1. Friendly

1. Capabilities

Although CIA enjoys superior technical and logistical advantages over the enemy, the necessity for covert employment of these advantages has restrained CIA from fully exploiting its position to date. Within the covert requirements of CIA's participation in this undertaking, a firm relationship has been established to develop and exploit an indigenous organization through which CIA will exercise its advantage.

Friendly indigenous capabilities have deteriorated since the last reporting period as to cohesiveness and unity. However, available information indicates that the enemy's White Paper, while unquestionably disrupting existing friendly indigenous progress, has boomeranged in that heretofore unorganized and apathetic friendly indigenous elements have received considerable encouragement from such evidence of substance and determination to overthrow the enemy. Friendly indigenous strength, although not organized nor prepared to date, remains considerably greater, potentially, than the enemy's.

CIA's advantages have been retarded for 30-40 days owing to administrative reasons. This has manifested itself in the above deterioration of friendly indigenous forces while enemy forces have increased their capabilities during this period.

V. Proposed Course of Action: (15 February - 15 March 1954)

Implement plans to:

A. Administrative: Establish communications procedures, funding mechanisms, personnel requirements, logistical plan; prepare air support plan.

B. KUFIRE: Accelerate tactical and PI program; initiate CE program and establish defection program.

C. KUGOWN: Accelerate LINCOLN PT program; expedite SHERWOOD plans; stimulate all field PT's.

D. KUHOOK: Re-vitalize training program; prepare secure staging sites; initiate spotting program for filler personnel; prepare tactical plans.

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PART TWO

PROJECT ORGANIZATION

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PART TWO

PROJECT ORGANIZATION

I. Strategic Level:

I. Strategic Level:
On 5 January 1954, at the direction of the DD/P, a coordinating committee was established under his direction, comprising C/OP, C/PP and C/WH, with the SD/WH for PBSUCCESS attending on an irregular basis. The purpose of this committee is to review on a weekly basis the progress and status of PBSUCCESS, coordinating same within CIA and with other U.S. Government departments. LINCOLN was requested to prepare a SITREP and an operation progress report prior to each meeting. Since the committee acts on matters outside the purview of LINCOLN, its progress is not detailed in this report.

II. Tactical Level:

A. General

Prior to submission of Stage One Report, the PBSUCCESS Staff endeavored to plan and staff-out all of its foreseeable administrative requirements in order to be in readiness to implement Stage Two upon receiving concurrence on Stage One Report. It was contemplated that the project's field organization would be fully operational on/about 1 January 1954, in order to fulfill the operational plans by approximately 15 February 1954. However, despite this advance planning and staff work, the administrative requirements, although staggered as to particulars, collectively fell about 30-40 days behind schedule which obviously affected the progress of the overall program.

B. Administrative Matters

1. Personnel

Although the physical properties of the LINCOLN Headquarters were ready for occupancy on 15 December, Stage One Report was not reviewed until 18 December. On 18 December, the first contingent of personnel, consisting of 2 persons, was dispatched from Washington to establish LINCOLN Headquarters. Requests had been made and action initiated by PBSUCCESS prior to 15 December for the personnel to fill the T/O, and it was contemplated that such personnel would be available by 1 January in order for LINCOLN to become fully operational. However, for various and sundry reasons, LINCOLN did not receive its minimum complement until 24 January 1954. This delay of more than thirty days disrupted the administrative and operational planning for PBSUCCESS for a corresponding period. The delay experienced in receiving Project Headquarters personnel was also reflected in the field in the case of Chief of Station, [] who did not arrive at his post until 25 January, and the case officer, KUGOWN, [] who although on board since December, is still delayed due to administrative cover problems. The release of the White Paper resulted in the recall of the case officer KUHOOK, [] and the Case officer, SCRANTON, thus further affecting operational delays. For operational security reasons, the C/O, KUGOWN, Guatemala, must be exchanged with the C/O, KUGOWN, [] as soon as the latter is available for field assignment. Therefore, personnel-wise, during the

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reporting period LINCOLN has been adequately staffed only for a period of 20 days and in the field is still without 3 C/Os out of a total of 6 C/Os required, to conduct necessary operations; or 50 per cent understaffed.

2. Security

The security aspects of PBSUCCESS at LINCOLN have been fully and adequately realized in the manner contemplated with one full-time security officer based at LINCOLN and an under-cover agent residing in the [] area. A second security officer arrived at LINCOLN in February. The general security of LINCOLN and its related operations in the area is considered excellent as a result of the efforts and the services rendered by the security officers from SSD. (See ATTACHMENT C.)

3. Finances (See ATTACHMENT D.)

a. Allocation of funds, Stage Two through
15 February: []

b. Total funds advanced or expended through
15 February: []

c. Total obligations outstanding as of
15 February: []

d. Total unexpended funds for reporting period:
[]

e. Estimated requirements for second period,
Stage Two (15 February - 15 March): \$171,900.00.

f. Finance Division, Headquarters, reported the unavailability of sufficient quantity of foreign currencies desired to warrant continuation of the foreign currencies procurement program. It is therefore recommended that this be cancelled.

g. General: Foregoing expenditures are exclusive of Headquarters disbursements and/or obligations incurred in the logistical support for PBSUCCESS. This data is not currently available at LINCOLN. At the close of the reporting period LINCOLN had satisfactorily completed all funding arrangements for field stations to include the funding procedures for the JUNTA.

4. Pouch Facilities

a. Although the staff procedures necessary to fulfill the pouching requirements by courier for PBSUCCESS had been completed and presented for implementation on 22 December 1953, and essentially required merely the formality of State Department's signature on a letter to authorize [] to accept the pouches at [] for LINCOLN.

b. Failure to resolve this detail delayed the implementation of the pouch procedures until 15 January. Aside from the above delays, the necessity of exchanging test pouches with the field

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resulted in further delay. For the foregoing reasons LINCOLN was unable to utilize pouch-courier facilities with its [] until 4 February. The unaccompanied air pouch or diplomatic air mail procedure requiring only the approval of the State Department to permit [] to use [] for the receipt of incoming unaccompanied air mail pouches has not been approved to date, which precludes the implementation of the Psychological Intelligence directive and receipt of Embassy press digests from the field in a rapid manner. This delay in implementing pouching facilities has significantly delayed LINCOLN's ability to properly and promptly implement its operational procedures in the field, thus reducing all communications to cable form.

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PART THREE

EXTENSION OPERATIONAL PLANS FOR STAGE TWO

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PART THREE

EXTENSION OPERATIONAL PLANS FOR STAGE TWO

I. General:

1. General:

Stage One Report clearly revealed the paucity of friendly indigenous real assets and the dubiousness of potential assets. It also defined the need for intensive operational development of these assets. The Operational Plan for Stage Two was predicated on the foregoing premise in addition to the supposition that the administrative aspects of PBSUCCESS would be fulfilled as contemplated. The inability of LINCOLN to realize its administrative objectives, as defined in PART TWO, resulted in the retardation of the Operational Plan for Stage Two by corresponding period of about 30-40 days. Accordingly, the objectives established for Stage Two remain unrealized. It is proposed that the Operational Plans for Stage Two be extended for an additional thirty(30) day period or until 15 March 1954.

II. Extension of Operational Plans, Stage Two:

A. Organization

Following operational plans to be implemented by and through LINCOLN, PBSUCCESS, Regional Command.

B. Basic Objectives

Create dissension and defection within the target;

Discredit target at home and abroad;

Demonstrate inability of target regime to represent best interests of people;

Create hope and encourage patience among non-Communists;

Begin economic pressure;

Begin formation and training of a paramilitary force in exile and in the interior of the target.

C. Assessment

Assess progress of foregoing and prepare same with recommendations to Headquarters for future action.

III. Specific KUFIRE Tasks:

A. Based in Guatemala

1. FT/I

There has been no significant change in the ESCONSON net. ESOTERIC has no connection with the task as of this date. ESCONSON II is handled directly by the case officer. The task has produced P/I of a reliable nature. It is contemplated to keep the task in full operation and attempt to extend its P/I

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Estimated cost: No additional funds required.

2. FT/2

ESCROW has been introduced to, and will be handled by Arthur G. VAIVADA. Because of ESCROW's position among exiled Spanish Republicans, he has been able to get P/I information from his contacts with the hierarchy of the Communist party and from pro-government political circles. He obtains all of his information from unwitting informants. He has no penetration as such of the Communist Party or any government organ. ESCROW has produced information from the field of the Spanish Republic in exile in regard to all Spaniards in Guatemala. Now that VAIVADA will be in charge of ESCROW, it is planned to give him more direction to extend his coverage in the fields of priority interest. ESCROW will also be used to spot potential penetrators of the Communist Party.

Estimated cost: No additional funds required.

3. FT/3

ESOTROPE obtains all of her information from unwitting sources. To date she has produced mostly P/I, much coming from her unwitting sources in the social welfare organizations and the [redacted] ESOTROPE prepares written articles for KUGOWN purposes and is very helpful in providing biographic information on most of the middle and upper class people in Guatemala City. ESOTROPE will continue to prepare her KUGOWN articles and submit P/I reports from all of her unwitting informants. Since her [redacted] is close to AREVALO, she will make extensive effort to obtain all information possible from this unwitting source.

Estimated cost: No additional funds required.

4. FT/4

It is reported that [redacted] has taken a job with O.R.I.T. in Mexico City as [redacted] He will be dropped as a Guatemalan Task and turned over to KUGOWN for exploitation from Mexico.

5. FT/5

ESODIC and ESODIC/T, brothers, have provided lists and information on military personalities. This information is from their personal knowledge and their extensive unwitting sources in military circles. It is proposed to give ESODIC closer supervision, extend his field of unwitting sources and, if possible, locate a well-placed individual for a good penetration. ESODIC's brother is presently [redacted]

His position will be investigated for possible future use since CALLIGERIS has mentioned him as a desirable officer to have working actively for the cause. ESODIC has a close acquaintance who is the line crew chief for the Guatemalan Air Force. This contact will be further investigated.

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It is proposed to use ESODIC for information concerning the activities of the Base Militar, including activities of the Air Force operating out of La Aurora Airport.

Estimated cost: No additional funds required.

6. FT/6

ESKIMOID has provided information from unwitting sources on commercial and agricultural matters. It is planned to propose the idea of ESKIMOID making his home available for meetings between the case officer and ESODIC. This would be a natural meeting place since ESODIC and ESKIMOID are neighbors and already visit each other.

Estimated cost: No additional funds required.

7. FT/7

ESLABON has not been contacted. ESLABON is a natural-born conspirator and did some very good work in the past for [] former []
It is planned to recontact ESLABON in the near future.

Estimated cost: No additional funds required.

8. FT/8

[] and [] are providing P/I from unwitting sources in their sizeable field on contacts. It is unlikely this task will be able to defect [] can be used as a source of information in regard to La Aurora Air Field and the general activities of the Base Militar.

Estimated cost: No additional funds required.

9. FT/9

[] is presently being checked by the C/S. He is a professional informant who has formerly worked for U.F.Co. and is in a position to furnish information on the CGTG and other labor groups. It is proposed to use him for contact with labor groups.

Estimated cost: No additional funds required.

10. FT/10

VAIVADA has been given the responsibility for handling ESCROW. It is proposed to use him to effect a good penetration of the Communist Party.

Estimated cost: No additional funds required.

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B. Based in []

1. FT/11

[] is still awaiting clearance. Meanwhile [] authorized to explore the possibility of utilizing JUBILIST for this task. See HUL-A-62.

Estimated cost: No additional funds required.

2. FT/12

JUGATION, who was a former employee of the Ministry of Foreign Affairs, has furnished reliable information on political matters which he obtains from unwitting informants. It is proposed to give him more direction and guidance in the type of information we are presently interested in.

Estimated cost: No additional funds required.

3. FT/13

JUGATION is still attempting the penetration of the [] There is presently a 50-50 chance of success. JUGATION will continue to attempt this penetration.

Estimated cost: No additional funds required.

4. FT/14

The JUROR net is presently headed by JURIST who through JUROR I has effected the defection of a Guatemalan border policeman. It is proposed to exploit these sources for information on border activity.

Estimated cost: No additional funds required.

5. FT/15

JUGATION I has not been successful in effecting his penetration of the Communist Party. It is proposed to keep JUGATION I as a general leg-man to be used to check car licenses and perform surveillance.

Estimated cost: No additional funds required.

6. FT/16

JURATOR has been replaced by JUBATE in order to fulfill this task. It was felt that since JURATOR's wife is [] it would be best not to use him in the manner proposed, but perhaps use him later as a deception channel if the need arises, hold him in reserve for possible political action or as a channel to ARBENZ. JUBATE recruited JUBILIST who has excellent contacts in all strata of social life. JUBILIST will conduct any activities for the support of PBSUCCESS under this task, such as air coverage and reporting of air facilities.

Estimated cost: No additional funds required.

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7. FT/17

Nothing has been done on this task pending the status of FT/11.

C. Based in []

1. FT/18

Because of pressure in Guatemala, SEQUIN was forced to take refuge in the Salvadoran Embassy and subsequently flee to El Salvador. Two of his three nets are believed to still be in operation, the third, or SECANT net, came to a standstill after the imprisonment of SECANT on 23 January 1954. SECANT has been released as of 6 February 1954 and all effort is being made to get SECANT out of Guatemala and under the control of CALLIGERIS for full debriefing to ascertain the extent of compromise of SECANT's net and contacts. During his January trip Stephen R. LUGTON provided Headquarters with a diagram and breakdown of the SEQUIN nets in Guatemala. It is planned to have CALLIGERIS attempt to get SECANT out of Guatemala to ascertain the extent of compromise. SEQUIN will continue to run his nets from Honduras, and further attempt to develop the intelligence nets needed in the nine target areas.

Estimated cost: \$7,000.

2. FT/19

During CALLIGERIS' visit to LINCOLN it was possible to ascertain the identities of his sensitive Honduran and Salvadoran diplomatic and government sources. These sources are well placed and will be exploited accordingly. All of these sources report directly to CALLIGERIS, and it would be unwise to attempt to install any other means of contact.

Estimated cost: \$6,400.

D. Based in []

1. FT/20

a. ERGATES is a low level penetration of the Communist Party and active in labor groups. ERGATES has reported activities of the Communist Party through EREPSIN who also does investigative work for [] It is proposed to follow up on this penetration []

b. ERGASTERION, a high level penetration of the PSN, has been reporting for four years on government and Communist activities. It is proposed to continue exploiting this penetration with emphasis on information that is pertinent to PBSUCCESS.

Estimated cost: No additional funds required.

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2. FT/21

[]
Estimated cost: No additional funds required.

3. FT/22

If information is needed in the Puerto Cabezas area, it is proposed to activate [] The cut-outs required for SARANAC and SCRANTON have been provided and are in operation. [] is presently acting as cut-out for SARANAC and [] is the cut-out for SCRANTON. [] is also available as an alternate cut-out and is a means of informing the SARANAC and SCRANTON American advisors that their cut-outs have messages for them.

Estimated cost: No additional funds required.

IV. Specific KUGOWN Tasks:

A. Based in Guatemala

1. PT/1

Several issues of "El Rebelde" have been published and distributed. The ESSENCE group has also printed and posted in Guatemala City and several rural areas, stickers bearing the number "32", a symbol of the constitutional article violated by Communist rule of Guatemala. Toward the end of January, the ESSENCE group diminished its activities owing to the White Paper and more stringent government controls. However, the organization is still functioning throughout the country. LINCOLN has taken a forward step by stopping the double flow of funds (from the Guatemala Station and from GALLIGERIS) to ESSENCE; funds now flow only through the cut-out controlled by Guatemala Station. The cover of this cut-out, Eliot P. RAZMARA, has worn thin and he must shortly be replaced. During the next period it is proposed: to replace the American cut-out to the ESSENCE group; to bring ESSENCE under the Station control; to check on and improve ESSENCE distribution and mechanisms; to inject into the ESSENCE propaganda campaign themes and materials prepared by LINCOLN.

Estimated cost: No additional funds required.

2. PT/2

[] travelled to Mexico and had printed in the Mexican press a fabricated interview with MARTINEZ, Chief of DAN. This interview received some republication in Central America, notably in El Salvador. The C/S, Guatemala, []

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has been able to bring several spot items into the Guatemala City press by dropping leads to acquaintances in the press. Toward the end of the reporting period, friendly press capabilities deteriorated somewhat due to veiled or open government hints of more strict press control. It is proposed to introduce as much material as possible into the independent Guatemalan press consistent with PBSUCCESS, KUGOWN program and the capabilities of the independent press.

Estimated cost: No additional funds required.

B. Based in []

1. PT/3

The FAGE group has published several issues of its newspaper "El Combate". FAGE also sponsors a daily fifteen-minute radio program of Radio Crystal (YSI), 1250 kilocycles. The program is not very effective because of the station's low power. It is proposed to arrange an effective cut-out to the FAGE group for the purpose of giving guidance on themes and improving distribution channel; to extend FAGE's work into the fields of handbills and "mobile billboards" campaigns.

Estimated cost: \$2,500.

2. PT/4

[] has printed spot items in the Salvadoran press through JUBILIST. It is proposed to increase the republication of PBSUCCESS KUGOWN materials in the Salvadoran press; to secure the services of at least one additional cut-out for KUGOWN purposes; to initiate if feasible a daily fifteen-minute radio program attacking Guatemalan Communism over Station YSDF, a new powerful radio station in El Salvador, with funds supplied through JUBILIST and guidance provided by JUSTICE.

Estimated cost: \$1,000.

3. PT/5

The [] has introduced over a dozen propaganda materials into the Salvadoran press. If it proves feasible to initiate the radio program mentioned under PT/4, [] will be asked to supply the guidance to [] on a purely friendly basis.

Estimated cost: No additional funds required.

C. Based in []

1. PT/6

Several issues of the CEUAGE bulletin have been published and smuggled in small numbers into Guatemala. It is proposed to

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establish a cut-out between [] and CEUAGE;
to introduce LINCOLN-prepared materials into the bulletin;
to target the bulletin more specifically at Guatemalan
military personnel; to improve distribution.

Estimated cost: No additional funds required.

D. Based in []

1. PT/7

Several issues of the LIONIZER bulletin have been published during the period, but distribution inside Guatemala has been virtually negligible. An effort was made to clarify the extent of the reported compromise of ORRISON, the contract agent who manages the LIONIZER group; it now appears that ORRISON's compromise has not been as serious as originally indicated and that it may be possible to leave him in his present duties. The possibility of having RNSHIELD conduct a Hemispheric anti-Communist conference in Mexico City on 15 April, with special attention to the Guatemalan problem, was thoroughly explored during the period. An unsuccessful attempt was made to secure publicity for a CALLIGERIS speech and press statement in Mexico. It is proposed to clarify completely ORRISON's status; to furnish closer guidance for the content and distribution of the LIONIZER bulletin; to firm up plans for the anti-Communist conference.

Estimated cost: \$2,000.

2. PT/8

An on-the-spot study of ORIT possibilities within the framework of PBSUCCESS was made. [] contract agent NASHWINTER has established contact in Mexico with ESMERALDITE, a former contact of Guatemala City Station. It is proposed to step up the tempo of ORIT propaganda against Guatemala; to assist ESMERALDITE in firming up for a [] with a view to using it as cover for PBSUCCESS KUGOWN and KUHOOK training.

Estimated cost: No additional funds required.

3. PT/9

[] assisted [] in printing MARTINEZ' story in the Mexican press. It is proposed to increase the flow of anti-Guatemalan materials to the Mexican press.

Estimated cost: No additional funds required.

E. Based in []

1. PT/10

[] has printed some press materials in two Nicaraguan papers. It is proposed to increase the flow of

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anti-Guatemalan materials to the Nicaraguan press.

Estimated cost: No additional funds required.

F. Based in [] area

1. PT/11

1. PT/11

Extensive briefing, debriefing and planning conferences have been conducted with [] It is proposed to utilize [] for the preparation of news releases and radio scripts; to firm up with him the prospective political program of the post-revolutionary government.

Estimated cost: \$2,000.

2. PT/12

Donald C. HEDIGER occupied the premises at the close of the reporting period. Several writers for this task have been spotted and cleared but none have as yet arrived at LINCOLN. It is proposed to spot, recruit, and move to LINCOLN Guatemalan writers who can prepare materials for press media controlled by PBSUCCESS and for the independent Guatemalan press; to find a cleared housekeeper for this site.

Estimated cost: \$2,000.

3. PT/13

After the departure of Maurice H. GUYOL on 20 January, this house has been occupied on a regular basis only by a commo technician. The site was extensively used for audio-surveillance of the []/CALLIGERIS meeting. Several radio writers and announcers were spotted during the period, but none have as yet been cleared. It is proposed to increase, recruit and bring to LINCOLN necessary staff for the production of radio materials for both the SHERWOOD operation and for broadcast over such commercial radio stations as are available in Central America and audible in Guatemala; to install the assistant case officer housekeeper who is scheduled to arrive on 17 February; to secure the services of a case officer (LANGEVIN); to begin production of radio materials.

Estimated cost: \$2,000.

4. PT/14

During the period the Santa Fe location was temporarily abandoned. On 14 January President SOMOZA refused to have the station located on Nicaraguan soil. The possibility of installing the radio on a naval vessel was explored but no definite decision reached. CALLIGERIS attempted to persuade SOMOZA to permit broadcasting from Nicaraguan territory, but was unsuccessful and []

[] New study on the feasibility of using the Santa Fe site was made with somewhat more favorable results. It is proposed to secure either the

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Nicaraguan or the Santa Fe, or both, sites for the clandestine radio; to dispatch the equipment and operating personnel to the field; to begin broadcasting to Guatemala.

Estimated cost: To be provided by KUCLUB.

5. PT/15

Developmental progress has been made on this task by KUCLUB.

Estimated cost: To be provided by KUCLUB.

6. PT/16

KUCLUB conducting field work on this task.

Estimated cost: To be provided by KUCLUB.

7. PT/17

The combination of rising coffee prices and Guatemalan attacks on the United States have stirred a number of U.S. commentators into a strong publicity campaign against Guatemala. Various statements from official American sources have contributed to the psychological harassment of Guatemala. The AFL has written an open letter to President ARBENZ calling on him to break off his ties with the Communists. It is proposed to expand and intensify the above campaign.

Estimated cost: No additional funds required.

V. Specific KUHOOK Tasks:

A. Based in []

1. MT/1

A reluctance on the part of CALLIGERIS to disclose the identities of his key personnel caused an unnecessary delay in their assessment. Recent exposures of the CALLIGERIS organization by the Guatemalan Government resulted in the recall of CALLIGERIS' realization, following the CALLIGERIS-GROUP conferences, that the GROUP offered specialists' direction brought a promise from CALLIGERIS to produce the necessary data on his personnel by 15 February. Therefore, it is proposed to assess and obtain clearances on the personnel recommended by CALLIGERIS; to assign suitable personnel to the training class in Nicaragua; to plan further utilization of trained personnel; to continue exploration of other CALLIGERIS personnel assets.

Estimated cost: No additional funds required.

2. MT/2

Suitable sites for three possible staging areas in El Salvador have been located. One site is suitable for San Jose staging if deemed necessary and feasible; the owner of the site is in contact with JUBATE. The site is a deserted

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area approximately two miles from the Guatemalan border and nine miles north of the Pacific coast. The site can be used under the plausible cover story of clearing it for banana planting. An area suitable for staging for Quezaltenango, Mazatenango and Quiche operations is located on a finca owned by a []

[] finca located []

[] A third staging site is a

[] The owner, JUROR II, has been cleared and is contacted through JUROR I.

CALLIGERIS is to re-establish his political rapport with high level Salvadoran officials, to re-survey his assets, and to re-examine possible staging sites available to him. Such sites to be re-examined by CALLIGERIS include a property nine kilometers north of Salvador where CALLIGERIS has a truck park which may be usable for storage of equipment until just prior to overt operations. Upon receipt of information from CALLIGERIS

[] will be informed by LINCOLN which Salvadoran staging sites are definitely to be selected. In addition, []

[] has been alerted to extend an air strip (owned by [] now 2,000 feet long to a length of 4,000 feet at an expense not to exceed \$150. The air strip is located []

Estimated cost: No additional funds required.

3. MT/3

The KUHOOK training site was established at [] in mid-January, and the KUCLUB training site was established at [] Following the disclosures in the Guatemalan White Paper, the KUHOOK site was moved to a point 60 Kms. north of Managua. Final relocation of the KUCLUB training site was determined during the period. Twenty-seven trainees arrived at the KUHOOK site and began training on 19 January. In conversations with CALLIGERIS at LINCOLN, it was discovered that the field case officer had requested CALLIGERIS to furnish low level sabotage personnel for this training site, instead of his leading personnel. It was also discovered that CALLIGERIS had assigned only six trainees to the KUCLUB site because the field case officer had requested him to furnish personnel with prior training, whereas it was LINCOLN's intention to accept personnel with minimum training or those possessing only aptitude.

The KUHOOK program presently in operation is to be converted into a two-week sabotage program, and eight of the graduates, in turn, are to be assigned to the training of other saboteurs. At the same time, 30 of CALLIGERIS' leading personnel will commence seven weeks' leadership training on approximately 5 March.

Estimated cost: No additional funds required.

4. MT/4

[] has begun implementation of MT/4, but none of the requested weekly progress reports have thus far been received.

Estimated cost: No additional funds required.

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5. MT/5

Exploration of potential PBSUCCESS assets in Mexico revealed that a [] leader training school, to be conducted under the auspices of [] might furnish cover facilities for KUHOOK/KUGOWN training for PBSUCCESS. This possibility is being determined at present.

Estimated cost: No additional funds required.

6. MT/6 - New Task

Identity - Staging Site, FJHOPEFUL

Responsible Officer - Logistics Officer, LINCOLN

Mission - To assemble supplies and equipment provided for in Logistics Plan; to supervise the preparation, packing and loading aspects of latter plan.

Estimated cost: To be accounted for by C/Adm, WH.

7. MT/7

Identity - Air Support, FJHOPEFUL

Responsible Officer - Air Support Officer, LINCOLN

Mission - To prepare and implement Air Support Plan with AMD, Headquarters.

Estimated cost: To be accounted for by C/Adm, WH.

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EYES ONLY

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ATTACHMENTS

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EYES ONLY
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PBSUCCESS
ATTACHMENT A

Terms of Agreement

I. Definition of Parties:

A. Party of the First Part:

To be known as the "JUNTA" and consisting of: []
and Lt. Col. Carlos Castillo Armas.

B. Party of the Second Part:

To be known as the "GROUP"; an anonymous organization headed by Mr. Joshua Smith and represented before the Junta by Mr. Robert Ford.

II. Relationship between Parties:

- A. The Group, being composed of persons entirely dedicated to the cause of free men everywhere and opposed to the dangers to such free men as represented in the form of Communism, have undertaken to assist anonymously in every way possible the free men of Guatemala who share the same beliefs and whose leadership is recognized in the Junta. The compatibility and dedication represented between the Group and the leaders of men who desire freedom in Guatemala as to common objective necessarily dictates that any and all problems arising between the two Parties should be resolved within the sphere of this understanding and common goal. Therefore, having cognizance that both Parties are dedicated to a common cause, all agreements and working principles established hereby are based upon mutual faith, confidence, and the ethics consistent with the loftiness of the motivation involved, thereby constituting in legal terms a Gentlemen's Agreement.

III. Resolutions:

- A. Objective: In concert with the above, it is the objective of both Parties to dedicate themselves to the ultimate liberation of the Republic of Guatemala from the tentacles of Soviet-inspired Communism: meeting the situation as required; propaganda with propaganda, conspiracy with conspiracy, intelligence with intelligence, force with force, supplanting same with a government of the people and by the people of Guatemala ensuring justice for all.
- B. Security: Having suffered from the ingenuity and insidious machinations of the Communists, hereinafter referred to as the enemy, we hereby resolve to mutually undertake all security measures which are deemed necessary and appropriate to ensure the success of this undertaking. The Junta agrees to recognize the seriousness of the security problem and cooperate fully throughout in a mutual manner to ensure the successful implementation of precautionary measures agreed upon with the Group. The Group will provide necessary experienced personnel and technical assistance for the foregoing.
- C. Funding: The Group has assured the Junta that adequate funding will be made available to ensure the success of this undertaking. Fully recognizing the inability and the inadvisability of attempting to

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employ normal accounting procedures, the Group requests only the following which the Junta agrees to provide:

- 1) A thirty-day forecast of the financial requirements broken down in general terms, sufficient only to provide guidance on the nature of the anticipated expenditures.
- 2) That all budgetary forecasts for the Junta be presented to the Group by [] ten days in advance of the period in question (when practicable).
- 3) The actual flow of such funds from the Group to the Junta, for reasons of security, will be compartmented within the respective areas of activity for the specific purposes intended consistent with the capabilities of the Group to provide such services.
- 4) In view of the anticipated communications procedures to be implemented in the field, specific budgetary forecasts will be prepared by the respective Junta representatives and the respective advisors will forward same to [] for review and approval by the Group.

D. Communications: The transmittal of information, instructions, guidance, views, funds, codes, etc., being the most sensitive and thereby the most vulnerable matter related to the joint undertaking, the Junta and the Group agree that secure channels be established soonest from all points of activity to other points of activity, utilizing both electrical and special courier communications facilities. Upon the implementation of these procedures by the Group and consistent with the foregoing agreement on security, the Junta agrees to fully utilize such channels and to eliminate as rapidly as possible all previous forms of communications considered hazardous or unsafe.

E. Definition of Responsibility:

- 1) The Group will undertake to provide all technical assistance and logistical support within its capabilities, and consistent with the requirements of the undertaking.
- 2) Within the framework of the common ideals, policies, and purposes of the Junta and the Group, the Junta will undertake the responsibility for providing the leadership, inspiration, mobilization, and execution to and of the forces at its disposal of all principles and procedures hereinafter agreed upon by both Parties.
- 3) The point of final coordination of all activity will be at an agreed upon site wherein a duly appointed representative of the Group will be in constant contact with [] who will represent Castillo Armas in the latter's absence.

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- 4) The military leadership, inspiration and responsibility will be vested in Lt. Col. Carlos Castillo Armas, who will continue to assume such responsibility upon the culmination of this undertaking in such a manner and form as hereinafter agreed upon.
- 5) The political, propaganda, and overall intelligence activities will be the responsibility of [] who acting in close harmony with Lt. Col. Carlos Castillo Armas and the Group will provide this counterpart to the military effort.
- 6) Specially selected, competent advisors will be provided by the Group to assist in the foregoing at the various echelons and places hereinafter agreed upon by both Parties.
- 7) Other Participants: The Group, being the principal supporter of the Junta, fully agrees to the acceptance of any additional offers of aid, financial or material, from any source whatsoever, providing any commitments so involved are presented to the Group for review in concert with the overall policy agreements indicated herein and heretofore.

IV. Finale:

Both Parties, having carefully read the foregoing, and having arrived at complete understanding in full realization of the significance of this undertaking, being purely on common ideological grounds amongst truly dedicated Parties, hereby resolve to adhere to these words with unequivocal fidelity, courage, and determination; to seek through these means the betterment of the peoples of Guatemala without thought or action of personal gain nor selfish interests. May these words, given in a Gentlemen's Agreement, be as binding to one as to the other, as true and strong as any words may be between gentlemen, and in keeping therewith, upon verbal agreement, this document will be burned in the presence of the members of the Junta and the representative of the Group, hereinafter to be carried only in the hearts and the minds of those concerned.

Signed _____

Signed _____

Signed _____

Dated 2 February 1954

ANNEX

Both the Group and the Junta recognize the urgency of carrying out the proposed project within the shortest possible time, promising to contribute with everything available to them in order that the operations may be carried out as soon as all preparations have been accomplished at a level which will sufficiently guarantee success of the operations. The standard for this level will be made by common agreement between the Junta and the Group.

Signed _____

Signed _____

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ATTACHMENT B

PBSUCCESS LOGISTICAL PLAN

I. General:

A. The planning for KUHOOK operations has advanced sufficiently as of this date to be able to forecast the foreseeable logistical requirements of this Project.

B. Pending approval by higher Headquarters of this Logistical Plan, same will be considered as proposed by LINCOLN.

C. This Logistical Plan has been predicated upon generally agreed concept of conduct for the unconventional warfare operations of PBSUCCESS. Subsequent to this plan, an Operational Plan will be forwarded providing the proposed modus operandi and/or operational deployment of the forces envisioned herewith. Thus, at this planning stage, it is only essential that the logistical requirements be defined and provided for. Once a force becomes "in being," the actual deployment, despite most careful planning, might well be altered considerably before committal, owing to the importance of remaining flexible as long as possible to meet the existing situation. This Logistical Plan has been prepared to meet the foregoing concept of operations.

D. Codification: An effort has been made herein to provide code symbols for identification of specific logistical requirements in order to first, provide rapid means of identification, thus a timesaver; second, for security reasons.

II. The logistical support plan proposed herein consists of the following:

A. Logistical Requirement No. One: The build-up period for Partisan Forces prior to implementation of Plan Able.

B. Logistical Requirement No. Two: The build-up period for Shock Troops prior to implementation of Plan Able.

C. Logistical Requirement No. Three: Preparations for reserve support of Plan Able or emergency support of either Baker or Charlie.

III. Logistical Requirement No. One: (IR/1 -- code symbol)

A. Time Element: First priority, to be in readiness at DTROBALO not later than 25 February 1954.

B. Equipment Required:

Items	On Hand ROBA	On Hand N.Y.	Needed	Total
1. Soviet rifles Model 30, 7.62	798	162	0	960
2. Submachine guns Model 1950 Madsen	480	0	0	480
3. Pistols (Radom, Luger, Lahti)	490	0	0	490
4. Frag Grenades	2,500	0	1,340	3,840
5. Conc Grenades	2,500	0	1,340	3,840

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PBSUCCESS.

ATTACHMENT B

B. Equipment Required (Cont'd):

Items	On Hand ROBALO	On Hand N.Y.	Needed	Total
6. 7.62 ammunition	338,000 rds.	0	0	338,000 rds.
7. 9mm ammunition	144,500 rds.	0	0	144,500 rds.
8. Oil	0	0	530 pts	530 pts.
9. Piano wire, High C	0	0	1,590 ft	1,590 ft.
10. Rags	0	0	530	530
11. LMG's w/carrying case & 3 drums each	36	64	0	100
12. Napalm mixed	0	0	1,000 lbs	1,000 lbs.
13. TNT	0	0	3,000 lbs	3,000 lbs.
14. Non-electric caps	500	0	2,470	2,970
15. Pocket knives, electrician's type	0	0	1,000	1,000
16. Pliers, small	0	0	1,000	1,000
17. Shaped charges	0	0	400	400
18. Friction tape	0	0	1,000 rls	1,000 rls.
19. Time fuse	0	0	3,000 ft	3,000 ft.
20. Matches, waterproofed	0	0	1,000 bxs	1,000 bxs.
21. Blasting machines	0	0	10	10
22. Electric caps	50	0	0	50
23. Firing wire	0	0	3,000 ft	3,000 ft.
24. RS-1 (agent rec/trans- mitter w/spare parts)	0	0	10	10
25. Ration kits, emergency	0	0	20	20
26. Medical kits	0	0	20	20
27. GI watches	0	0	10	10
28. GI compasses	0	0	10	10

C. Preparation: The forecast for this requirement is to provide the necessary equipment in sufficient time to enable the packing and the preparation of special kits designed for this purpose. LAPSLEY, in consultation with TSS, has been requested to prepare the requirements for packing supplies needed for this Logistical Requirement and will submit same in requisition form to the Chief, WH, which will enable the supplies to be procured and shipped to DTROBALO as required. The preparation of these kits will be accomplished by a team assembled under the direction of LAPSLEY, as indicated below under personnel requirements. This preparatory work should be done at DTROBALO. The foregoing equipment is to be used in the preparation of the following kits:

1. Kit LR/1A -- (code symbol):

- No. required: 480, packed in two units.
- Estimated weight: 40 lbs. each unit.
- Consisting of: rifles -- 2
SMG -- 1 (2 magazines)
pistol -- 1 (2 clips)
frag grenades -- 8
conc grenades -- 8
ammunition, 7.62 -- 600 rds.
ammunition, 9mm -- 300 rds.
cleaning gear -- oil -- 1 pt.
piano wire, High C -- 3 ft.
rag.

2. Kit LR/1B -- (code symbol):

- No. required: 50
- Estimated weight: 65 lbs. each unit.
- Consisting of: LMG's -- 2 (6 magazines, 2 carrying cases)
ammunition, 7.62 -- 1,000 rds.
cleaning gear -- same as Kit LR/1A above.

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PBSUCCESS

ATTACHMENT B

3. Kit LR/1C -- (code symbol):
- a. No. required: 200
 - b. Estimated weight: 50 lbs., packed in 5 separate units, each waterproofed.
 - c. Consisting of: 190 kits, each unit of which contains:
 - napalm -- 1 lb. block, mixed
 - TNT -- 3 lbs.
 - non-electric caps -- 3
 - pocket knife (electrician's type) -- 1
 - pliers, small -- 1
 - friction tape -- 1 rl.
 - time fuse -- 3 ft.
 - matches, waterproof -- 1 bx.In addition, one of the five units will contain 2 shaped charges.
10 kits, 4 units of which will contain the same items as the foregoing 190 kits, including in 1 of these 4 units, 2 shaped charges. The 5th unit varies, and will contain the following:
 - napalm -- 1 lb. block, mixed
 - TNT -- 3 lbs.
 - pocket knife (electrician's type) -- 1
 - pliers, small -- 1
 - friction tape -- 1 rl.
 - blasting machine -- 1
 - firing wire -- 300 ft.
 - electric caps -- 5.

4. Kit LR/1D -- (code symbol):
- a. No. required: 10, for RRO's.
 - b. Estimated weight: 65 lbs.
 - c. Consisting of: 2 separate units, each waterproofed
 - 1st unit: RS-1 (agent rec/transmitter w/spare parts) 1
 - GI watch -- 1
 - GI compass -- 1
 - 2nd unit: pistol, w/clip, 9mm -- 1
 - ammunition, 9mm -- 50 rds.
 - emergency ration kit -- 2 (for 20 days)
 - medical kit -- 2 (for 20 days)

D. Movement: Movement of equipment to DTROBALO will probably be by Black Flight; however, this is the responsibility of Logistics.

E. Cost: A rough estimate of the cost of equipment is \$260,000.00

IV. Logistical Requirement No. Two: (LR/2 -- code symbol)

A. Time Element: Second priority, to be in readiness at DTROBALO not later than 10 March 1954.

B. Equipment Required:	On Hand ROBA	On Hand N.Y.	Needed	Total
1. Soviet rifles, Model 30, 7.62	0	78	1,422	1,500
2. Submachine guns Model 1950 Madsen	750	0	0	750
3. Pistols (Rado, Luger, Lahti)	50	0	0	50
4. Frag grenades	0	0	4,000	4,000
5. Conc grenades	0	0	1,000	1,000

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PBSUCCESS

ATTACHMENT B

B. Equipment Required (Cont'd):

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useful

6. LMG's, w/carrying case & 3 drums each	40	0	10	50
7. Solothern, 20mm, anti-tank weapons	10	0	0	10
8. Mortar tubes	0	0	50	50
9. 7.62 ammunition	112,000 rds	0*	388,000 rds	500,000 rds.
10. 9mm ammunition	300,000 rds	0	0	300,000 rds.
11. 20mm armor-piercing ammunition, anti-tank	3,000 rds	0	0	3,000 rds.
12. 20mm high-explosive ammunition, anti-tank	3,000 rds	0	0	3,000 rds.
13. Mortar ammunition	0	0	1,000 rds	1,000 rds.
14. TNT	0	0	500 lbs	500 lbs.
15. Non-electric caps	0	0	500	500
16. Pocket knives	0	0	650	650
17. Plier, small	0	0	700 pr	700 pr.
18. Shaped charges	0	0	500	500
19. Time fuse	0	0	500 ft	500 ft.
20. Matches, waterproofed	0	0	650 bxs	650 bxs.
21. RS-1 (agent rec/transmitter w/spare parts)	0	0	10	10
22. Ration kits	0	0	1,520	1,520
23. Medical kits	0	0	1,520	1,520
24. Compasses (indigenous)	0	0	225	225
25. Binoculars	0	0	30 pr	30 pr.
26. Canteens	0	0	2,000	2,000
27. GI watches	0	0	10	10
28. GI compasses	0	0	10	10
29. Napalm mix	0	0	100 lbs	100 lbs.

C. Preparation: This equipment is necessary to bring the stockpiles at each staging area to sufficient strength to 1) arm the shock troops with the equipment listed in LR/1B; 2) equip the special sabotage teams; and 3) equip the radio operators and transport/courier teams. A preliminary inspection of DTROBALO indicates that the condition of the equipment there is such that only minor cleaning and rebundling of the existing equipment is necessary. Minor additions, as indicated above, should be shipped to ROBALO. Packing supplies are not necessary, as kits, as such, will not have to be made up.

D. Movement: Movement of equipment to DTROBALO will probably be by Black Flight; however, this is the responsibility of Logistics.

E. Cost: A rough estimate of the cost of equipment is \$600,000.00.

V. Logistical Requirement No. Three: (LR/3 -- code symbol)

A. Time Element: Third priority, to be in readiness at DTROBALO not later than 1 April 1954.

B. Equipment Required:

Items	On Hand ROBA	On Hand N.Y.	Needed	Total
1. Soviet rifles Model 30, 7.62	0	0	500	500
2. Submachine guns Model 1950 Madsen	160	0	90	250
3. Pistols (Radom, Luger, Lahti)	5	0	0	5
4. LMG's, w/carrying case & 3 drums each	0	0	50	50

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PBSUCCESS

B. Equipment Required (Cont'd):

ATTACHMENT B

Items	On Hand ROBALO	On Hand N.Y.	Needed	Total
5. 7.62 ammunition	0	0	15,000 rds	15,000 rds.
6. 9mm ammunition	50,250 rds	0	0	50,250 rds.
7. Frag grenades	0	0	1,000	1,000
8. TNT	0	0	1,250 lbs	1,250 lbs.
9. Time fuse	0	0	500 ft	500 ft.
10. Pliers, small	0	0	100 pr	100 pr.
11. Friction tape	0	0	50 rls	50 rls
12. Pocket knives, electrician's type	0	0	50	50
13. Non-electric caps	0	0	250	250
14. RS-1 (agent rec-trans- mitter w/spare parts)	0	0	5	5
15. Ration kits	0	0	10	10
16. Medical kits	0	0	10	10
17. GI watches	0	0	5	5
18. GI compasses	0	0	5	5

C. Preparation: The forecast for this requirement calls for the necessary equipment in sufficient time to enable packing of resupply by air drop. Airborne equipment and special bundling equipment will be calculated by an experienced packer and requisitions for such equipment will be submitted to CWH. The preparatory work should be done at DTROBALO. The foregoing equipment is to be used in the preparation of the following kits:

1. Kit LR/3A -- (code symbol):
 - a. No. required: 50
 - b. Estimated weight: 275 lbs. each unit
 - c. Consisting of: rifles -- 10
submachine guns -- 5 (2 magazines each)
LMG, w/3 pans & 1 carrying case -- 1
7.62 ammunition -- 3,000 rds.
9mm ammunition -- 1,000 rds.
Frag grenades -- 20
TNT -- 25 lbs.
Time fuse -- 10 ft.
Pliers, small -- 2 pr.
Friction tape -- 1 rl.
Knife -- 1
Non-electric caps -- 5.
2. Kit LR/3B -- (code symbol):
 - a. No. required: 5
 - b. Estimated weight: less than 50 lbs.
 - c. Consisting of: RS-1 (agent rec/transmitter w/spare parts) - 1
Pistol -- 1 (9mm)
9mm ammunition -- 50 rds.
Ration kits -- 2
Medical kits -- 2
GI watch -- 1
GI compass -- 1

D. Movement: Movement of equipment to DTROBALO will probably be by Black Flight; however, this is the responsibility of Logistics

E. Cost: A rough estimate of the cost of equipment is \$139,000.00.

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PBSUCCESS

ATTACHMENT B

VI. Personnel:

Owing to the time element and the bulk of material involved, it is considered essential that properly qualified personnel be made available at the receiving and/or supply base, DTROBALO, to adequately prepare the same for operational use. Accordingly, Irving G. CADICK will be prepared to discuss this matter with the GWH on/or about 26 January in order to establish this requirement.

VII. Air Support:

A proposed air support plan will be prepared by AMD after consultation with CADICK.

VIII. Procurement:

Although the Logistical Requirements established above are broken down into specific categories and priorities, in order to emphasize the time factor involved, it may be within the capability of the Logistics Division to consolidate the above for purposes of economy. However, it is urged that the time element be strictly observed in order to meet the forthcoming operational requirements of PBSUCCESS.

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PBSUCCESS

ATTACHMENT C

SECURITY - OPERATIONAL SUPPORT
(28 December 1953 - 15 February 1954)

- I. Physical Security: Security Regulations of LINCOLN were written, implemented and personnel briefed on security procedures. Rapport was established with appropriate officials and mutually acceptable arrangements facilitated for entry and departure of personnel to the area precluding usual burdensome, awkward and operationally insecure procedures. Arrangements also were made for the burning of classified trash, janitorial service, parking facilities as well as the utilization of local labor force in making minimum amount of physical modifications necessary within the building assigned to LINCOLN.
- II. Clearances:
 - A. Out of a total of eleven Provisional Covert Security Clearances requested, one has been granted, four are pending and in six cases Provisional Operational Clearances were granted. (NOTE: Headquarters informed the Deputy Chief of LINCOLN that Covert Security Clearances were not necessary in the six cases noted above regardless of the fact that the Subjects of these six cases were PP candidates whose utilization would be in the United States. On the basis of this information, LINCOLN will proceed on the assumption that Provisional Operational Clearances granted by Staff C/SPB are valid clearances for this purpose.)
 - B. Of fifty-two Provisional Operational Clearances (POC) (21-FI; 24-PM; 7-PP) twenty-eight have been granted and twenty-four are pending. The average length of time elapsed from date of submission for a clearance to date of receipt has been approximately eleven days, which is very good; however, in one important instance of a request for a Provisional CSC, the request was submitted on 11 January 1954 with complete biographical data and summary of local FBI records together with references of FBI Headquarters file numbers, but no action has been received as of 11 February in spite of three follow-up requests on the status of the case.
- III. Operational Support:
 - A. Safehouses

Site A has been in operation since 31 December 1953. The utilization of the Case Officer's wife to manage the domestic and the day-to-day affairs has contributed to the smooth operation of this site. However, for personal reasons it will not be possible for the Case Officer's wife to continue and this arrangement will terminate in April 1954. Therefore, plans must be made for the introduction of a cleared housekeeper within the frame-work of the cover story utilized in the acquisition of this site. Also, this house was leased until 1 July 1954 and in view of recent operational developments which indicate the need for this site for a longer period of time than was originally anticipated, exploratory negotiations with the rental agent are necessary in the very near future. The original colored domestic was terminated on 6 February 1954 for unsatisfactory services and the white domestic assigned to Site B has been assigned to Site A.

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Site B has been in operation since 3 January 1954 and although its location near the [] has created technical difficulties with regard to utilizing it as a radio programming and recording location, it has been of inestimable value as a safe site for coordination of operational activities, conferences and living quarters during the recent RUFUS [] meetings. The studio room has been sound-proofed to the extent possible and the radio technician has advised that the utilization of this studio room is a dubious matter []

[] reports) plus the usual flimsy construction typical in the Florida area.

The utilization of Site B was complicated by the sudden departure of GUYOL who had established rapport with the rental agent. After her departure on 20 January 1954, the site was actually operated by the radio technician who managed to control the un-cleared domestic. Since the departure of RUFUS on 7 February 1954 and the transfer of the domestic to Site A, the technician has resided at the site. A cleared housekeeper for Site B is to report on or about 17 February 1954.

Site B was rented until 15 May 1954 and there are indications that the owner is not desirous of continuing this rental; however, this will be explored in the near future although perhaps another site more suitable from a technical standpoint may be more desirable, but continuing to utilize Site B for housing WSBURNT personnel and the writing of PP material.

Site C has not been in operational use due to the fact that PP personnel from WSBURNT have not arrived. The site was rented until 15 May 1954. Negotiations for continuation of this site will be made in the future if this proves necessary.

Generally, the safehouse situation will improve within the next two months considering the fact that the Florida winter season will end and more economic and technically satisfactory sites will be available if they are needed.

B. Operational Vehicles

- 1) At LINCOLN: There are two rental vehicles at the LINCOLN Headquarters for the use of operational personnel. These vehicles were procured under a commercial pretext and no difficulty has been encountered to date although the servicing of the cars weekly at the location of the rental agency [] has proved somewhat cumbersome. At the time these two rental vehicles were obtained (during the week between Christmas and New Year's Day) an informal agreement was made that they would be rented for a period of approximately two months. It was necessary to make this informal commitment in view of the paucity of vehicles available for rental during this particular time of the year. However, arrangements are being made to discontinue this service on or about 15 February 1954 and replace them with vehicles procured through the same cut-out arrangement as those being utilized at the safe houses. This latter

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PBSUCCESS

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arrangement is much more secure and, in the event of accident, the vehicle could not be traced to this organization.

- 2) At Safe Sites: Three vehicles are available for the use of the case officers assigned to the safe sites. These vehicles are actually licensed and insured in the name of a security cleared cut-out and are rented on a flat fee basis which precludes having them serviced at a central point. While the initial cost of the vehicles obtained in this manner appears high, the deposit and unearned insurance premiums will be returned to the project when the automobiles are returned. Actually a comparison of the figures of cost on automobiles being rented through a regular rental agency, which includes a mileage cost of seven cents per mile, and the cost of vehicles procured through the cleared cut-out reflects little or no difference in cost.
- 3) Hediger Accident: The vehicle used by Hediger at the time of the accident was a separate vehicle obtained through the security-cleared cut-out within a period of two hours. This vehicle was obtained for the specific purpose of being available in the event it was necessary to move RUFUS on short notice and a sterile vehicle, not associated with the safe sites, was deemed necessary by security. In view of the limited amount of time allowed for the procurement of this vehicle, collision insurance was not obtained although complete liability insurance was obtained. In view of the precautions taken in obtaining this vehicle, there appears to be no reason for concern as a result of the accident from a security standpoint, although it will be necessary for either Hediger or the project to pay for the damages to the vehicle, which amounts to approximately \$250.00.

C. Mail Drops

Letter drops have been established in the [] and are serviced on a daily basis for the following:

- 1) Official mail from Headquarters
- 2) Personal mail of personnel assigned to LINCOLN
- 3) Three boxes have been established for receipt of mail for the use of the occupants of each of the three Safe Sites
- 4) Receipt of newspapers from foreign countries

There has been no problem in this regard and all boxes are operationally secure.

D. Acquisition of Foreign Newspapers

A secure post office box was established in the name of a commercial concern to backstop arrangements made through [] for the daily receipt of newspapers from WSBURNT, KMTLUSH, DTFROGS and PBLUGGIE. The receipts to

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PBSUCCESS

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date indicate that this is a satisfactory means of obtaining newspapers within one day of publication providing [] present the newspapers to the airline in sufficient time to meet the daily flight that covers all these areas. This matter will be discussed with [] on or about 13 February 1954.

E. Support of KUHOOK Operations

On 20 January 1954, a request was made for the assignment of a Security man to be assigned to assist KUHOOK operations in both DTROBALO and PBPRIME as the needs required. This man was to be experienced not only in Security, but in the operation of black flights and his duties would require furnishing assistance and Security guidance in both the staging and operational phases. He will coordinate the reception of material on black flights from PBPRIME to DTROBALO, assist and supervise secure packing of materiel as well as coordinating the details with LINCOLN and Headquarters on the overflights to KMFLUSH and WSHOOPS originating from DTROBALO. On 10 February 1954, LINCOLN requested Headquarters to have this man available at LINCOLN on 12 February 1954 documented and prepared for the assignment at which time he will be briefed thoroughly.

F. General Security Support

Arrangements were made for facilitating the entry of [] into the [] area and adequate precautions were taken to check for surveillance, etc. The secure entry and departure of RUFUS into and out of the United States was handled with maximum security. New documentation was arranged for RUFUS as a result of the disclosure of his original travel alias which necessitated a change in his alias.

Security provided escort service and protective surveillance for [] on his visit to New Orleans to meet []

Cover stories for LINCOLN personnel were rewritten and implemented and to date there has been no problem in this regard. In addition, there were modifications made and new cover stories arranged for persons occupying the Safe Sites.

IV. Liaison with US Officials:

Excellent liaison and rapport has been established with the Special Agent in Charge of the FBI, and the District Director of the Immigration and Naturalization Service. Both of these officials have demonstrated their complete willingness to cooperate with the project on the basis of a bare minimum of information.

V. LCFLUTTER:

LCFLUTTER operators who have language ability are being selected to support the Security and CE phases of the project in the general target area.

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FINANCE

PBSUCCESS

ATTACHMENT "D"

Allocation of Funds Stage Two	Expended or	Obligations	Total	Estimated
Through 15 February 1954	Advanced	Outstanding	Unexpended	Requirements
	15 Dec-15 Feb	As of 15 Feb	15 Feb	15 Feb - 15 Mar

Overhead & Travel C

J \$ 60,000.00

Tasks:

FT/1	800.00
FT/2	600.00
FT/3	200.00
FT/4	200.00
FT/5	1,000.00
FT/6	400.00
FT/7	500.00
FT/8	800.00
FT/9	400.00
FT/10	3,000.00
FT/11	5,000.00
FT/12	400.00
FT/13	400.00
FT/14	1,000.00
FT/15	1,000.00
FT/16	1,000.00
FT/17	500.00
FT/18	17,000.00
FT/19	6,400.00
FT/20	400.00
FT/21	400.00
FT/22	-
PT/1	10,000.00
PT/2	-
PT/3	4,000.00
PT/4	1,000.00
PT/5	-
PT/6	4,000.00
PT/7	1,000.00
PT/8	400.00
PT/9	500.00
PT/10	400.00
PT/11	2,000.00
PT/12	2,000.00
PT/13	2,000.00
PT/14	-
PT/15	-
PT/16	-
PT/17	-
MT/1	12,000.00
MT/2	2,000.00
MT/3	17,000.00
MT/4	4,000.00
MT/5	400.00
DOA	2,000.00
SCRANTON	6,700.00

TOTALS C

J \$172,800.00

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~~EYES ONLY~~

ATTACHMENT E

VIA AIR POUCH

DISPATCH NO. HUL-A-40

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TO PBSUCCESS Stations

DATE 8 February 1954

FROM LINCOLN

SUBJECT (GENERAL Operational Procedures, PBSUCCESS)
(SPECIFIC Psychological Intelligence(PI))

A. General:

1. In consonance with existing specific KUFIRE tasks, all PBSUCCESS Stations will henceforth concentrate on Psychological Intelligence(PI) in order to meet the special requirements of PBSUCCESS.
2. Upon receipt of this directive, the Psychological Barometer Reports prepared heretofore will be discontinued. LINCOLN will undertake to prepare for Headquarters and the field, based on overall information, current estimates of the situation.
3. The procedures defined in this Directive will be implemented upon receipt.

B. Necessity:

Political action requires political intelligence. Military operations require military intelligence. Psychological operations require PI. PI furnishes the information on which psychological operations are based; PI furnishes the information by which psychological operations are evaluated.

C. Objectives of PI:

1. To ascertain enemy psychological strengths and vulnerabilities.
2. To ascertain specific means of attacking the enemy by psychological warfare.
3. To ascertain friendly psychological strengths and vulnerabilities.
4. To ascertain specific means of bolstering friendly forces by psychological means.

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5. To ascertain the effectiveness, or lack thereof, of PBSUCCESS KUGOWN activities.

6. To ascertain the psychological readiness of friendly and enemy forces for the implementation of the successive stages of PBSUCCESS.

D. Definition:

1. General

a. PI is a matter of "feel" solidly supported by facts. PI constitutes deliberate, orderly examination of the attitudes in and toward a given situation of both friendly and hostile individuals and social groups. PI systematically analyses the mind and mood of specific individuals and social groups in specific sub-areas of the target. Out of these specific observations, PI at regular intervals makes a general appraisal of the entire target area's attitudes.

b. PI encompasses much that may appear to be mere operational data on the one hand, and mere overt information on the other. In order to assess the value of such materials, the analyst should have a frame of reference which takes into consideration:

- (1) The general and basic conditions,
- (2) The habits prevailing in the target area,
- (3) The special vulnerabilities, and
- (4) The traditional receptivity of the people to certain sets of ideas or means of communication. If the target be a government or its armed forces, for example, the collector must be alerted to watch for all information, fact and rumor, which may be directed against the target and against the main elements of its support, so as to create an atmosphere of doubt, confusion, and final loss of confidence in which the target, shorn of major elements of its required support, must retreat, resign its efforts, or disintegrate.

2. Specific

a. Areas

PI for PBSUCCESS will concentrate on nine specific population centers in the target country, and will attempt to provide as complete coverage as possible of the prevailing attitudes in each.

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The nine population centers will be identified by the following symbols:

ABLE
BAKER
CHARLIE

DOG
EASY
FOX

GEORGE
HOW
ITEM

True identities will be forwarded by cable.

b. Arenas

(1) Arenas in this instance apply to the special sphere of activities of certain selected groups, cliques, or social levels, for example, the political arena, the military arena, etc. and are limited to the areas described above. The arenas of specific PI interest pertaining to PBSUCCESS are categorized as follows:

(a) Military - Officers
Non-coms
Soldiers
Police

(b) Political - Pro-government
Anti-government

(c) Professional, Business, Landowners

(d) Labor - Urban(pro and anti-Communist)
Rural(pro and anti-Communist)
White collar, including government employees
(pro and anti-Communist)

(e) Sociological - Religious groups
Tribal groups
Student groups(pro and anti-Communist)
Women(pro and anti-Communist)

(2) Within the specific areas, PI effort will be targeted at specific arenas indicated above, in order to develop studies upon specific areas and provide material for overall studies of the groups mentioned above.

E. Daily Reports:

1. Reporting Stations

Daily PI reports(negative reports not required) will be made to LINCOLN on the areas and arenas described above.

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2. Classification

Since daily PI is principally overt or semi-overt, or capable of being represented as such, it should not be classified. It will, however, be treated as though it were classified CONFIDENTIAL.

3. Pouching Procedures

Five copies of daily PI reports from reporting stations will be sent daily to LINCOLN and to Washington by diplomatic air mail.

4. Format

a. General

Reporting stations will study the format of the "Daily Press Digest" prepared and dispatched by the respective Embassies in which they are located. Daily PI reports will be prepared and mimeographed in a similar manner, as follows:

(1) The daily PI reports will be entitled "Miscellaneous News Digest." The city of origin and date will be indicated directly below this title.

(2) Sufficient relevant detail will be given to identify the source of the information, including, unless unknown, the name and date where a newspaper or periodical; the name of station and time of broadcast where a radio report; and the identity of the speaker or writer, where a conversation or letter.

b. Specific

Although PI is to be unclassified, it will be accompanied by the following code to guide LINCOLN in its evaluation and use

(1) Source Accuracy. For PI purposes, the accuracy of the information provided by a source, rather than the general reliability of the source, will be rated. To take extreme examples, a Communist newspaper may on occasion state facts correctly, and a non-Communist source may be mistaken. In each instance, the reporting officer must judge the content of the report on the following scale:

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- 5 -

- A - Accurate
- B - Possibly Accurate
- C - Probably Accurate
- D - Doubtful
- E - Untrue or Fabrication
- F - Unknown

(2) Coverage. Every report must indicate the coverage of the item reported on, according to the following scale:

- 1 - to more than 10,000 people
- 2 - to between 5,000 and 10,000
- 3 - to between 1,000 and 5,000
- 4 - to between 500 and 1,000
- 5 - to between 100 and 500
- 6 - to less than 100.
- 7 - Unknown

(3) Sensitivity. Since daily PI reports are intended for use in psychological operations, it is essential that the reporting officer indicate the sensitivity of the information according to the following scale:

- g - paraphrase very carefully
- h - some paraphrase required
- i - no paraphrase required.

(4) Test Questions.

(a) From time to time, LINCOLN will send to the reporting stations for PI, by cable or pouch, certain test questions to be applied to the geographic areas and social

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groups being covered. A sample test question might read:
"What is the reaction to the military pacts now being
negotiated by ODYOKE with KMFLUSH, DTFROGS, and WSHOOFS?"

(b) All replies to specific test questions will be
identified by the symbol prefix "Q", plus the serial number
of the specific test question involved, e.g., "Q-15."

5. Cable Reports

a. When the Chief of any reporting Station deems it essential, he may
report daily PI items by cable, or may comment on pouched items by
cable. Chiefs of Station are instructed to make the most sparing
use of cables for PI.

b. Daily items of PI interest, but too sensitive for transmittal by
unaccompanied pouch, will be cabled.

F. Weekly Reports:

1. Reporting Stations

Same as for Daily Reports.

2. Classification

Secret - PBSUCCESS/RYBAT

3. Pouching Procedures

ODACID pouch each week, two copies to LINCOLN, two to Washington.

4. Format

a. Reporting Stations will submit, in a thousand words or less, in
regular dispatch form, their Weekly Evaluated PI Estimates of the PI
situation on the areas and arenas described in paragraphs 2a and b
above.

b. This Weekly Evaluated PI Estimate will be divided into two parts:

- (1) Estimate of the Enemy Situation.
- (2) Estimate of the Friendly Situation.

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- 7 -

c. The Weekly Evaluated PI Estimate will give Station Chiefs an opportunity to express their views on information at hand and on the general psychological situation.

G. LINCOLN Use of Reports:

1. LINCOLN will utilize the Daily PI reports for short-run KUGOWN guidance and preparation of PW materials.
2. LINCOLN will collate the Weekly Evaluated PI Estimates from Reporting Stations, plus FBIS, US Press reports, ODACID reports, etc., in order to prepare for Headquarters a Weekly PBSUCCESS Evaluated PI Estimate which will be furnished to Reporting Stations.
3. To fulfill objectives in paragraph C, above.

H. Timeliness:

In all PI reporting, timeliness is of the essence.

[JEROME C. DUNBAR]

Attachments: 2

Distribution:

4 - PBSUCCESS Stations

1 - []

5 - WASH

5 - Files

JCD/JN/gfb

7 Feb. 54

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Sample
only

ATTACHMENT NO. 1

MISCELLANEOUS NEWS DIGEST

Guatemala City, Guatemala

February 6, 1954

1. On the evening of 26 January, Colonel Enrique PARRINELLO de Leon, Army Chief of Staff, is said to have told another high-ranking Guatemalan Army officer that he is not only opposed to Communism but has a deep-rooted hatred of it. Colonel PARRINELLO said that even though he has no use for President ARBENZ and hates his Communist leanings he refuses to resign his post of Army Chief of Staff because he wants to be on the scene when ARBENZ' government falls to the opposition.
(C6h)
2. Seen only in COBAN posters put up 2 February showing Uncle Sam treading on poor Guatemalan farmers and charging that Yankee Imperialists are crushing people and despoiling them of their gains.
(A5i)
3. Oscar CONDE, owner of Radio Universal, arrested on night of 5 February. News program on his station, called Radio Sucesos, has been reporting anti-government news. Gave Senator WILEY's speech full play and suggested White Paper evidence might be inaccurate or even fabricated. Relation between broadcasts and arrest uncertain at this time.
(A4i)
4. On the evening of 25 January, a friend advised he had been told by several members of the Partido Guatemalteco del Trabajo (PGT-Communist) that the Communists are anxiously attempting to stir up some form of violence in order that the government authorities will have an excuse to retaliate by publicly announcing that the government had been attacked and that in order to insure its future the government is forced to declare the country under martial law. Friend believes that the government may be seeking an excuse to impose restrictions, particularly muzzling press.
(F6i) Q-15
5. DIAZ, El Espectador editorial writer, overheard to remark in restaurant that government planning expand White Paper at OAS Conference by introducing additional evidence in support of attack against American intervention in Guatemalan affairs.
(B6h)
6. Bus driver on discharging passengers in vicinity U.S. Embassy 4 February wisecracked: "Make your application for political Asylum here and now, ladies and gentlemen." Some laughs, no growls.
(A6i)

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ATTACHMENT NO. 2

ESSENTIAL ELEMENTS OF PI

- I. Areas: ABLE, BAKER, CHARLIE, DOG, FOX, HOW, EASY, GEORGE, ITEM
- II. Arenas: Military(Officers, NCO's, Soldiers, Police)
- Political(Pro-Government, Anti-Government)
- Professional, Business, Landowners
- Labor(Urban, pro and anti-Communist; Rural, pro and anti-Communist, white collar, including government employees, pro and anti-Communist)
- Sociological(Religious groups, tribal groups, student, pro and anti-Communist, groups, women, pro and anti-Communist)

III. Grading:

<u>Reliability</u>	<u>Coverage</u>	<u>Sensitivity</u>
A - accurate	1 - more than 10,000	g - paraphrase very care-
B - possibly accurate	2 - between 5,000 and 10,000	fully
C - probably accurate	3 - between 1,000 and 5,000	h - some paraphrase
D - doubtful	4 - between 500 and 1,000	required
E - untrue or fabrication	5 - between 100 and 500	i - no paraphrase required
F - unknown	6 - less than 100	
	7 - unknown	

IV. Test Questions: Q(plus no.) - To be prepared by LINCOLN.

V. Timeliness: Essential

(Detachable for daily guidance)

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SECOND INTERIM REPORT

ON

STAGE TWO

PBSUCCESS

STAGE II
2ND INT. RPT.

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RYBAT/PBSUCCESS

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RYBAT/PBSUCCESS

15 March 1954

SECOND
INTERIM REPORT
ON
STAGE TWO, PBSUCCESS

REFERENCE: "Interim Report on Stage Two, PBSUCCESS," dated
15 February 1954.

1. Submitted herewith is a Second Interim Report on the progress of PBSUCCESS during Stage Two of "Program for PBSUCCESS," covering the period 15 February - 15 March 1954. The report consists of:

PART ONE - "Assessment/Analysis"

PART TWO - "Project Organization"

PART THREE - "Re-extension Operational Plans for Stage Two"

2. Whereas a period of flexibility was highly desirable during the early developmental stages of this project, such a period could not expect to be prolonged beyond the implementation of the logistical program. Therefore, with this report it is now evident that the time for flexibility is rapidly narrowing to one of commitment beyond which withdrawal could only bring serious consequences. For reasons stated herein, PBSUCCESS is believed to be most capable of fulfilling its objectives during the first ten days of June, 1954, providing:

Urgency: The importance of meeting the schedule is urgently adhered to;

Effort: The necessary effort, personnel-wise and logistically is fulfilled;

Thoroughness: The determination prevails to follow through once committed until a logical or satisfactory conclusion is obtained.

3. I believe CIA possesses the capability to fulfill the requirements of this project as defined herein and therefore recommend concurrence in this report.

[SD/WH]

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SECOND
INTERIM REPORT
ON
STAGE TWO, PBSUCCESS

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PART TWO - Project Organization

PART THREE - Re-Extension Operational Plans for Stage Two

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PART ONE
ASSESSMENT/ANALYSIS

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PART ONE
ASSESSMENT/ANALYSIS

I. General:

The first Interim Report On Stage Two, PBSUCCESS, was submitted on 15 February 1954. Progress made since that date does not yet justify proceeding into Stage Three, although it is expected that the decision when to enter Stage Three can be made within the very near future. In the meantime, a Second Interim Report is submitted herewith, in order to obtain concurrence for contemplated operations in the period.

II. Enemy Situation: (15 February - 15 March 1954)

A. Assessment

1. Political

Throughout the period, the enemy was preoccupied with the OAS Conference on the external front and with a slowly mounting campaign of internal repression on the domestic front.

The OAS Conference, which began 1 March, was preceded inside Guatemala with a propaganda campaign that was initially only against "Interventionism" but in the later stage, shortly before the Conference itself, focused its attack directly on the United States. For example, numerous demonstrations were held throughout Guatemala in memory of SANDINO, The Nicaraguan insurgent whose movement was quelled in 1926 by the U.S. Marines. Outright charges were frequently launched that the United States planned both armed and political intervention in Guatemala. At mass meetings throughout the country, "civic committees" were organized to defend the "national sovereignty" and to carry on the struggle against "Intervention." At the same time, some 175,000 signatures were allegedly collected for a resolution on behalf of the "peace".

This internal propaganda in Guatemala was broadly supported by Communist-dominated unions, Communist fronts, and the various Communist Parties throughout the Hemisphere. Messages of support and sympathy were received, among others, from the French Communist Party. Soviet propaganda throughout the period advertised the Guatemalan cause through voluminous radio and newspaper commentaries. From this, the significance that International Communism attaches to the retention of its beachhead in Guatemala became even more apparent.

The internal political purpose of these various propaganda campaigns was clearly to gain and solidify mass popular support for the ARBENZ-Communist regime. This campaign for mass support is intended not only to secure popular consent to the posture and measures of the current regime, but also to make the Guatemalan public more amenable to curtailment of individual freedoms and privileges in order to "resist Intervention." Thus, the anti-American campaign can be considered a direct prelude to more intensive Communization of the country.

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Besides propaganda exhortations, the Guatemalan Government tried assiduously to curry favor by giving evidence of material benefits and progress that it had allegedly secured to the people. President ARBENZ' report to Congress was brimful of Soviet-style statistics on progress in the industrial, agricultural, and social service fields. The Government has widely publicized the introduction of potable drinking water into Guatemala City and, in the departmental capitals and towns, was likewise playing up instances of material progress in order to persuade the public that it can expect continuing rewards from the regime.

The brash, overdramatic Guatemalan position at the OAS Conference and the action of Guatemala in being the lone voter against the U.S.-sponsored resolution was likewise intended to give Guatemalans, individually and collectively, a "David" complex vis-a-vis the Goliath of the North. It is possible that, as a result of the Guatemalan diplomatic defeat at the Conference, the leaders of the country will call on the people for a "go-it-alone" attitude and will use this thesis as a springboard for "defensive" measures in the form of tightened internal security, speedier economic transformation of the country along Communist lines and increased militarization of the populace. It is likely, in view of the ingenuous Guatemalan statements, both before and at the Conference, that the country was not Communist and the PGT's frequent assertions that although it supported the regime it was not identical with it, that this faster-paced progress toward Communism will still be made under the guise of "democracy", "social reform", etc.

Some indications were received during the period that the Government and the Communists had actually succeeded in convincing a part of the population that the present regime was trying to act in the best interests of the people. A report from high Catholic Church [] conversant with the Guatemalan situation suggested that a considerable part of the population believes that the ARBENZ Administration has tried to better conditions and would have made much more progress if it had not been for obstruction and interference by the "Imperialists". Reports received on the labor situation run in a somewhat similar vein. Due to the limited sampling represented by such reports, they cannot be taken as conclusive; they do make it appear imperative that any revolutionary political program aimed at capturing popular support in Guatemala must guarantee, not grudgingly, but generously, the preservation and extension of all real or fancied "social reforms" made under the present regime.

The drive toward national mobilization was reflected in several ways on the home front. The CGTG, after being asked by the Association of Industrialists to agree to a non-aggression policy between capital and labor, replied with a thinly veiled diatribe against the industrialists and against all private enterprise. The CGTG foreshadowed a new assault on American investments in Guatemala by a demand for reductions in rail and electric power rates, and threatened the entire status of free enterprise by declaring that private industry was not sufficiently energetic in promoting the economic development of the country. Meanwhile, on the agricultural front, land expropriation continued apace and will presumably be intensified with the enlargement of the corps of inspectors of DAN. The progress of land expropriation and land distribution was still helter-skelter, marked by frequent irregular invasion of land by Communist-inspired squatters, by conflicts between

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the Communists and the DAN, and by conspicuous favoritism in the allocation of land to government functionaries rather than to needy peasants but from a Communist point of view, the breakdown of the land-owning class was being systematically and effectively expedited.

The independent press and radio of Guatemala repeatedly came under fire. The PRG Party submitted a series of loaded questions to the independent press, asking whether or not these newspapers believed in the accusations of the White Paper; the independent press was collectively derided as "tools of imperialism" and individual editors were singled out for calumny as traitors. Oscar CONDE, an anti-Communist radio broadcaster, was haled into court on apparently trumped-up charges. Anti-Communist radio broadcasts were jammed by a transmitter apparently located in Police Headquarters in Guatemala City.

There were apparent rifts, however, behind the Government-Communist facade of unity and harmony. A bitter, back-biting series of rivalries flared over the question of who should be ARBENZ' successor in the presidential office. During the election of the president of the Congress, where the Government candidate was Mario Antonio FRANCO Chacon, PAR deputy Mario PAIZ Novales decided independently to try for the office and succeeded in getting a pledge of 31 votes for his candidacy. The Government forces thereupon brought pressure to bear to secure the election of FRANCO; PAIZ Novales and Salvador CHICOS Carillo were expelled from the PAR, and five other PAR deputies were suspended from the Party for three months. The significance of this dissension in the PAR ranks cannot presently be gauged, but it is of potential importance because of PAR influence in the CNCG.

In the labor field, there are recurrent indications that the CNCG and the CGTG are in conflict over the organization of rural workers. In separate interviews with AFL representative Robert ALEXANDER, CNCG and CGTG leaders indicated significantly divergent views as to the future of the agrarian program. CNCG leader Leonardo CASTILLO Flores told ALEXANDER that as soon as the peasant got his land he was no longer interested in the issues for which the CGTG agitated; namely, higher wages, vacations, etc. To judge from CASTILLO Flores' remarks, the CNCG tends more to favor the creations of a class of small land-owners. CGTG representatives, of course, quite openly desire farm collectivization on the Soviet model, even though they presently concede that the time for such a move is not yet ripe. There is no concrete evidence to document a real split between the two labor federations; the CNCG is affiliated with the CTAL and WFTU and CASTILLO Flores has been an enthusiastic participant in labor conferences behind the Iron Curtain. However, if the two federations do develop along the divergent ideological and organizational lines that their leaders indicated to ALEXANDER, the possibilities of a labor split are extant.

Evidence accumulated during the period suggests that President ARBENZ still has the capability of arresting or reversing the present trend toward making Guatemala a denied area. The political parties are financially dependent on the Government, their leadership is held in line by the executive authority and by political patronage and their ideological bases are too skimpy to give them independent direction. Similarly, the labor federations are dependent on Government subsidies, so that their policies could be modified by Government fiat. However, there is no indication that ARBENZ has any intention of reversing the present course, but rather, to judge from the Guatemalan stand at the OAS Conference and from the internal measures cited above, to accelerate it. There is reason to believe that as soon as the OAS Conference is terminated Guatemala will move rapidly toward full-fledged status as an Iron Curtain country.

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2. Intelligence

Evidence received during the period indicates intense enemy intelligence activity directed against friendly forces.

There is reason to believe that the enemy has effectively penetrated friendly forces, as may be gathered from the apparent promptness and accuracy of the enemy's information on various moves made by friendly forces. It is known that the enemy intelligence service tortured SECANT, the head of CALLIGERIS' military net inside Guatemala, then set him free under surveillance, and has now ostensibly abandoned the surveillance, but it is not known at this time how much actual information the enemy extracted from SECANT and whether he is now effectively enemy-controlled. (An attempt to seek answers to these crucial questions will be made at the earliest possible opportunity.) The Guatemalan Consul in San Pedro Sula, Honduras, allegedly attempted to recruit one Gilberto VALENZUELA, a CALLIGERIS adherent, and in the process is said to have stated that he had three penetrations of the CALLIGERIS organization in Honduras. It is also regarded as possible that C

C, is secretly working for the Communists. There is some reason to believe that the personal representative of General Miguel YDIGORAS Fuentes in Guatemala, one Cesar LANUZA, may be under enemy control.

3. Propaganda

Enemy propaganda activity, particularly in the form of mass meetings, signature campaigns and radio broadcasting, were very active during the period, concentrating on the theme of "resistance to Intervention." Mass demonstrations were held throughout the country, signatures were collected for a resolution on behalf of "peace" and TGW, the Government radio station in Guatemala City, broadcast throughout in sharply militant tones.

However, there is evidence that the demonstrations were less than enthusiastic and that they were the product of either enforced or indifferent attendance, in many cases. It was reported that a trade union demonstration in Guatemala City was so unsuccessful that President ARBENZ both criticized the trade union leaders for their failure and showed contempt for their overreaching themselves.

As far as press media are concerned, the enemy is still inferior to the opposition. Circulation of the government and Communist papers is below that of the independent press, and the government press appears to be largely dependent on its official subsidies. Tribuna Popular, the Communist organ, is said to be in dire financial straits. Apparently to alleviate this situation, the government has reportedly bought printing machinery from a Costa Rican source for the Communists.

4. Military and Paramilitary

Reports of arms purchases and promises of arms from Communist sources abroad continue to be received. Major MARTINEZ, chief of DAN, is said to have purchased sizeable quantities of arms on his recent trip to Europe. Unconfirmed reports also indicate that shipment of arms through Mexico to the Guatemalan Communist Party is contemplated.

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The principal development in the paramilitary field was a Communist-inspired appeal to the Ministry of Defense that it give basic military training to civilians so that they could assist in the "defense against Intervention". This appeal foreshadows the enlargement of the existing Communist paramilitary forces. A date for implementation of the proposal has not been set.

No further information has been received which would alter the estimate of enemy military and paramilitary strength submitted in the last interim report. There have been frequent hints of dissatisfaction in the Army, but at the same time, there have been indications that the Communists are intensifying the training and equipment of their paramilitary formations. SEQUIN reports that the three strongholds of enemy as paramilitary forces are Esquintla, Tiquisate and Banavera; arming and training are said to be in progress there.

B. Analysis

Enemy progress during the period shows intentions of converting Guatemala into a denied area at an accelerated rate after the close of the OAS Conference, thus making the time factor extremely important in combatting the enemy. Enemy capability to realize these intentions may be considered questionable, in view of the rifts and squabbles within the government ranks, and the still-present evidence of popular opposition to these plans, but there is reason to believe that the enemy will proceed despite its limitations. This analysis of enemy intentions possibly exceeding enemy capabilities suggests that the rate of progress of friendly forces should be adjusted to take advantage of the confusion that may result from enemy efforts to proceed faster than practicable.

During the period there were also recorded numerous instances of apparent enemy intelligence activity in the field of provocation. Shortly before the OAS Conference, there were a series of reports to the effect that the CALLIGERIS forces were going to stage a coup on the eve of the conference: this not being in accord with the actual CALLIGERIS plans, it may be presumed that the enemy was, by such ruses, attempting to smoke out opposition, both to defend itself and to gather propaganda ammunition for the Conference.

The enemy was exceedingly active in the field of deception, persistently stating, through a variety of channels, the theme that ARBENZ and TORIELLO were about to break with the Communists. The highest level channel used for dissemination of this theme was President FIGUERES of Costa Rica, who shortly before OAS reported to the American Ambassador in Costa Rica that his personal emissary to Guatemala had just received an assurance from ARBENZ and TORIELLO to the effect that they would break with the Communists.

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III: Friendly Situation:

A: Assessment

1: General and Political

In the Interim Report on Stage Two, dated 15 February 1954, it was reported that a firm agreement on working principles had been established between CIA through the medium of an "anonymous group" and [] and CALLIGERIS in which the latter became identified as the "JUNTA". Predicated on this agreement, specific detailed planning and delineation of responsibilities were satisfactorily completed. However, it soon became apparent that for purposes of further clarification of identity and organizational control that all decisions arrived at by the "GROUP" and the "JUNTA" should be identified as that of a "COUNCIL"; thus giving one voice to the two entities.

Shortly after CALLIGERIS returned to Honduras, it appeared at LINCOLN that he had disregarded the agreements established and was operating unilaterally. Although [] had been put in charge of political action, CALLIGERIS continued to budget for and direct such activities. Although [] had been put in charge of propaganda, CALLIGERIS sent his Chief of Propaganda to Mexico without prior consultation, where the Chief of Propaganda proceeded to contact the U. S. Embassy, procure a U. S. visa and announce that he was going []. Although he had agreed to use only secure, "GROUP" communications channels, CALLIGERIS sent his own emissary to the United States with (relatively less) propaganda materials for the OAS Conference. Although CALLIGERIS had agreed to coordination on all intelligence matters, he insisted on handling a potential double agent without consulting the "GROUP" adviser in the field. In interviews with LINCOLN representatives, CALLIGERIS equivocated at a number of commitments.

This series of incidents, while partially explicable by the necessity for action in the field without waiting for the cumbersome process of "high-level" coordination, raised the entire problem of []-CALLIGERIS relations, and, with it, the problem of the future structure of the post-revolutionary government. It was evident that CALLIGERIS, being in the field and having numerous loyal supporters, was in a better position to command local loyalty than []. On the other hand, it was felt that [] being less motivated by personal ambition and being fundamentally more sound and stable, would be a better guarantee of unselfish U.S. interests in Guatemala than CALLIGERIS. [] is somewhat responsible for CALLIGERIS' self-assertion, because [] has long persisted in saying that he wished to remain in the background and has only recently begun to reveal his political assets inside Guatemala. In any case, substantial progress must be made in the near future toward establishing a balance of power between [] CALLIGERIS and whatever other leading elements are to be brought into the new regime if CALLIGERIS arrogance, as dangerous to the current enterprise as to the long-range stability of a future government, is to be avoided.

The most significant political development during this period was the successful adoption of the Department of State's resolution on Communism at the OAS Conference in Caracas. Unquestionably the political and psychological effect of this international stand will have important bearing on the people of Guatemala. It should

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clearly set the future destiny of the Communists in Guatemala and serve to convince middle-of-the-roads that the incumbent administration has been discredited abroad and is contrary to the best interests of the people. Although the resolution confined itself to the condemnation of Communist penetration in the Hemisphere and avoided mentioning Guatemala specifically, it is believed that little doubt exists anywhere that this constituted a direct warning to Guatemala, supported by the votes of seventeen (17) Latin American countries.

The "JUNTA", in compliance with a previous request, prepared a number of documents depicting the inroads and activities of the Communists in Guatemala for presentation at Caracas during the OAS Conference. These documents were prepared under the aegis of CEUAGE, FAGE and CEUA. In addition to this material LINCOLN prepared a list of suggested courses of action for PBSUCCESS in order to aid in the presentation of the anti-Communist Guatemalan cause at Caracas. No word has been received to date regarding the results of this effort.

As a matter of possible embarrassment to the Guatemalan Government during the OAS Conference, CALLIGERIS arranged to have Jose Luis ARENAS return to Guatemala clandestinely and, once there, make known his position, thence proceeding to declare that his personal safety was in danger, despite his congressional immunity, seeking asylum in the Salvadoran Embassy. Although basically a good maneuver, the lack of preparation and support by propaganda media left ARENAS at the ridicule of the Communists. The second deterring factor was the lack of cooperation of the Salvadoran Ambassador who, it has been reported, is overly sympathetic to the Guatemala Communists. The situation appeared to resolve itself in the normal manner wherein those who were anti-Communist believed in ARENAS and those who were pro-Communists believed in the Government's charges. In all, it is believed that the maneuver was not entirely in vain. ARENAS departed from Guatemala to Salvador, using normal travel passport. He is presently in Tegucigalpa where plans are being formulated to send him on a propaganda tour and at the same time effectively remove him from the local scene.

During the early part of this reporting period, [] withdrew [] tourist card privileges which prevented LINCOLN from assassinating []

[] This impasse seriously delayed the training program for both SCRANTON and SARANAC and has thus far precluded any negotiations for a SHERWOOD site [] In addition, [] without being in contact with CIA officially or any representative of the "GROUP", was deeply involved in CALLIGERIS' operations and only had the latter's word to depend on, [] This situation prompted the conclusion that either a CIA representative or a [] non-official person should confer with [] soonest []

[] Subsequent to this development, [] specifically requested that he receive some outside assurance or support for CALLIGERIS sufficient to convince him that this was not just another locally organized revolutionary attempt. Also, while attempting to confirm arrangements in Salvador for the cooperation of that government in permitting black flights within its territory [] requested that he receive some outside assurance of CALLIGERIS' support before he would be able to fully authorize clandestine operations within Salvador. [] was quoted as having established this prerequisite. []

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Accordingly, a decision was made by Headquarters to enlist the services of Raymond J. KYBER, a distinguished military leader with Latin American experience to undertake the aforementioned mission. KYBER is to proceed to Nicaragua on about 16 March, where he will endeavor to accomplish the above objectives and, upon doing so, will then proceed to visit Presidents GALVEZ and OSORIO respectively in a similar manner.

In the Report on Stage One, dated 15 December 1953, it was indicated that the assessment had revealed ERRATIC as a Guatemalan exile of such stature that he had to be dealt with in one form or another and could not be ignored if PBSUCCESS was to be successful. Accordingly, a specific task was established for the [] to establish a secure cut-out arrangement to contact and explore the capabilities and possible future utilization of ERRATIC in the PBSUCCESS program. It was specifically established that this undertaking was for the purpose of determining one of the following propositions:

First, Whether his personality and assets warranted participation in PBSUCCESS and, if so, to what degree;

Second, If the first was not acceptable, a deception program would be formulated to ensure his non-interference in the PBSUCCESS project;

Third, If the foregoing were eliminated, an operation would be designed to completely neutralize, isolate or dispose of ERRATIC in such a manner as to ensure non-interference with this project.

Utilizing the title of "Liga Anticomunista Salvadorena" as a front, the cut-out established contact with ERRATIC. [] had been thoroughly briefed on the sensitiveness of this operation and the need for extreme caution throughout and was provided instructions as to specific steps to be taken in order to provide necessary information to determine in which status ERRATIC would be placed. Unfortunately, owing to the personalities involved, this operation was developed entirely too rapidly and insufficient information is available at this time to accurately determine the proper category for ERRATIC. It does appear, however, that he has some minor assets which could be utilized. Certain information supplied by him, in addition to being violently partisan, appears to have been obvious Communist-inspired fabrication. [] appears to have made certain commitments over and beyond the instructions provided by LINCOLN and as of this writing is being recalled to LINCOLN for clarification and re-orientation. It has been determined that either a satisfactory explanation will be obtained from [] and that confidence will be restored in him or that he will be withdrawn from the operation. Aside from the foregoing, the satisfactory solution of this problem pertaining to ERRATIC must be solved prior to 1 April 1954.

In the Interim Report on Stage Two, dated 15 February 1954, the exposes of the Communist "White Paper" were fully reported and analyzed as pertaining to the compromise of PBSUCCESS operations. In this report it was evident that the Communists had intimate knowledge of SCRANTON and SARANAC, certain intelligence operations and a fairly accurate concept of the modus operandi of PBSUCCESS. This revelation was sufficiently injurious to necessitate serious concern over the security of all field

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operations. Then, on 15 February 1954, it was disclosed that [] PM Case Officer to CALLIGERIS, had left a number of slightly paraphrased official cables unguarded in Managua. Investigation revealed that aside from the acknowledged receipt of this information by SOMOZA, a strong possibility existed that the information contained therein had reached enemy hands through the double agent, Jorge DELGADO. This security compromise taken together with the foregoing and the previous indiscretions under PBFORTUNE unquestionably has provided the enemy with adequate information to deduce the official support of the United States Government in CALLIERIS' operations plus considerable details concerned therewith.

An analysis of available information concerning the identification of potential strength within the target area is possible at this time although concrete substantiation in each instance has not been practical. Whereas in Report on Stage One, it was indicated from available information that approximately 90% of the population of Guatemala were anti-communist, more recent reports from a wider range of diversified sources now indicate the need for clarification of the composition of potentially friendly persons. Deducting 150,000 persons as being responsive to the enemy and 1,500,000 as Indians or non-participants, would leave approximately 1,350,000 persons, assuming over-all population of 3,000,000. This latter figure is considered the politically conscious group which in one form or another have not been responsive to Communist indoctrination or approximately forty-five per cent (45%) of the population.

The political character of the friendly potential indicated above remains largely unorganized and highly diversified and covers the strata from farmers, laborers, professionals, students, governmental workers. Of this large, generally unorganized population group, LINCOLN has been able to identify the following specific organized elements which are regarded as the most active anti-Communists:

Political Groups - FAN:

Frente Anticomunista Nacional - a coalition front group under control of Oscar H. CARTER. This coalition acts as a coordinator and public council for CCN, CFA, COA, AJA, PIACO and PUA which are mentioned below.

PIACO:

A loosely organized, anti-Communist party in the western and northwestern areas of Guatemala with Mazatenango, Quezaltenango and Quiche as main points of local strength.

PUA:

One of the most prominent anti-Communist entities in Guatemala, primarily located in the eastern part of the country with its greatest strength in Zacapa and Pto. Barrios.

CCN:

A loosely organized anti-Communist civic committee in Guatemala City with representation on a minor scale in outlying provinces.

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CFA: A loosely organized anti-Communist women's association primarily in Guatemala City which includes the marketwomen who have been vociferously anti-Communist in the past.

COA: A thus far not clearly defined anti-Communist labor committee located in Guatemala City.

AJA: An anti-Communist youth movement, of primarily Catholic character, in Guatemala City.

Labor Groups - SAMF: The Railway Workers Union with principal strength in Pto. Barrios, reportedly controlled by anti-Communists.

LA FB: Principal bus line in Guatemala City, predominantly anti-Communist.

FTAG: Federation of Art and Graphic Workers in Guatemala City; is considered anti-Communist.

INCATECU: An industrial syndicate, predominantly anti-Communist.

Workers Federation - Quezaltenango: This federation consists of about 35 syndicates and has conspicuously remained aloof from all efforts of CGTG, to which it is in direct opposition.

USTPB: Workers Union of Pto. Barrios. This union, consisting primarily of long-shoremen is believed to have at least 400 staunchly anti-Communist members which currently dominate the labor situation in Pto. Barrios.

Miners Federation, Coban: This Federation is outside the control of CGTG and is considered anti-Communist.

SETUFCO: The Workers Union of the United Fruit Company, is believed to be primarily anti-Communist despite CGTG's efforts to control it.

UNTL: The National Union of Free Workers, presently remains only as a paper organization but has the potential of assuming real substance once properly directed and financed.

CNCG: The National Confederation of Rural Workers of Guatemala is not presently under Communist control and represents a potential pool of resistance strength.

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As will be noted in paragraph III A 3, which follows, a recent field survey throughout the Western part of the country has indicated that the line between Communists and anti-Communists is becoming rapidly drawn and clearer, thus resulting in the typical situation where each one discredits the other's propaganda, accepting only that which each side believes. The decision at the OAS Conference, as mentioned above, should further clarify and crystallize political sentiments within Guatemala. There is also increasing evidence of impatience and desire for action with a general feeling being expressed that something must be done before it is too late.

2. Intelligence

Stephen R. LUGTON has encountered numerous problems, connected with residence in a city as small as Tegucigalpa, which have delayed his becoming fully operational [

] These matters have all been presented to Headquarters by dispatch.

Mathew H. ONTRICH made a trip to Tegucigalpa and San Salvador from 4 to 11 March in order to attempt to remedy some of the above problems, and, after his return to LINCOLN to try to rectify others. During ONTRICH's stay it was attempted to eliminate the misunderstandings which had developed with CALLIGERIS and make every effort to get operations underway. ONTRICH not only discussed intelligence matters but spent the majority of his time in Honduras interpreting for CADICK and explaining the military plans and the propaganda problems.

On 6 March, LUGTON began work on the CALLIGERIS files in a new safe house. LUGTON also had his intelligence assistant working on the tactical EEI's he had received from LINCOLN, on biographic information of known Guatemalan Communists contained in CALLIGERIS' files and on an organizational list of CALLIGERIS' staff and their biographic information.

ONTRICH discussed with CALLIGERIS in Honduras and with SEQUIN in San Salvador the nets within Guatemala, details of which are covered under FT/18. Arrangements are presently underway for LUGTON to contact SEQUIN in Salvador and it is also contemplated to bring SEQUIN to [] to have him readily available as a source of information.

Contact has been established with SECANT and reports from him directly and from [] who [] presently head of all of CALLIGERIS' organization in Guatemala, say that he is safe and able to work. (Details of the plans concerning SECANT will also be covered under FT/18).

A list of CALLIGERIS' sensitive Honduran and Salvadoran diplomatic sources was furnished to Headquarters under HUL-A-50, (9 Feb. 1954). ONTRICH had the opportunity during his recent trip to check one of these sources for authenticity. During the trip to San Salvador ONTRICH contacted [] who was listed by CALLIGERIS as a source. There is no doubt that [] is a very close personal friend of CALLIGERIS. []

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CALLIGERIS' contact with President OSORIO and the man who arranged the contact between CADICK, ONTRICH and JURANT. (Results and details of this meeting are reported under Para-military.)

The two meetings, one with JURANT and the other with [] disclosed one very important thing. All indications were that they were willing to help but wanted to make absolutely sure that the operation would succeed and that the "Big Brother from the North" was behind them, even though unofficially.

The problem of ERRATIC was discussed in detail with CALLIGERIS and the subject came up during ONTRICH's contact with SEQUIN. Their opinion, which is also [] opinion, is that ERRATIC should not be cut in on any aspect of this operation. Both CALLIGERIS and SEQUIN stated emphatically that ERRATIC would exploit his participation politically and endanger the security of the operation. CALLIGERIS agreed that ERRATIC had at one time had good public support, and probably still does have some. However, CALLIGERIS claimed that the military in Guatemala will not back any movement ERRATIC is in; that labor groups and students would not back him; that even El Salvador, Honduras and Nicaragua would be apprehensive to back a movement in which he participates.

In regard to Jorge Isaac DELGADO (CHACO), CALLIGERIS sent [] to Panama to contact President REMON, but the Guatemalans and DELGADO had been there first and had told REMON that CALLIGERIS was only trying to use DELGADO as a scapegoat. CALLIGERIS also has received information that the Communists were attempting to re-contact DELGADO in order to extract more information from him. It was at this time CALLIGERIS asked if the "GROUP" could help. Headquarters stated that they could not bring the subject up with REMON since other sensitive negotiations were under way. No other information has been received on DELGADO.

Again the problems of [] were discussed at length by ONTRICH with CALLIGERIS. CALLIGERIS claimed [] had presented a \$2,000.00 expense account for March, and explained [] would approach everybody he knew in the organization for money. The biggest danger that presently exists is that [] knows where [] is in hiding from the Communists, and is pressing [] for money. CALLIGERIS believed that, if contacted by his people and asked to come out of Guatemala, [] would comply, but the problem of where to send [] after he left Guatemala would remain. LINCOLN is presently working on the details of this plan and will attempt to get [] to the United States with his family until the operation is completed.

The production of intelligence from the field continues to be unsatisfactory, both as to quality and quantity. Although considerable data of a tactical nature is available and being processed by LUGTON, the absence of independent reporting from reliable, controlled sources other than CALLIGERIS' sources presents a serious deficiency in PBSUCCESS operations. Reports from Station Guatemala dropped sharply during this reporting period and those received remained largely from overt sources. [] had devoted primary effort to developing ERRATIC and although considerable information was procured from this source, its value remains doubtful, if not negative, until confirmed by other sources. LINCOLN, in addition to attempting to improve existing intelligence assets, has undertaken the development of new assets as indicated below in sub-paragraph 5.

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3. Propaganda

While still seriously hampered by the lack of a clandestine radio station and the nagging difficulties of getting Guatemalan propaganda writers to LINCOLN, the friendly propaganda program has made substantial strides forward during the period.

The two outstanding public propaganda events of the period were (a) the widespread publication of CALLIGERIS' manifesto to the Guatemalan people and (b) the dispatch of a CALLIGERIS delegation to Caracas.

The CALLIGERIS manifesto, prepared during his visit to LINCOLN, was reprinted in full or to a significant extent in Guatemala itself, Mexico, Honduras and Salvador, both by the independent press and C. In Guatemala, the newspaper El Espectador printed significant excerpts on an inside page; another newspaper neatly assisted the program of building up CALLIGERIS by printing his picture and that of his wife on the occasion of their twelfth wedding anniversary. It is thus apparent that through the mention of his name in the "White Paper" and through his reply, CALLIGERIS himself has become a substantial propaganda asset, which must be consistently exploited.

The sending of a CALLIGERIS delegation to Caracas, with material showing Communist infiltration and domination of Guatemala, marks the entry of the CALLIGERIS propaganda organization into open battle with the Guatemalan government. As of the close of this report it is not known how successful the mission will be.

Inside Guatemala, the ESSENCE propaganda organization has manifested intensive, expanding and encouraging activity. For example, in the Communist stronghold of Escuintla, an ESSENCE-supported group published a strong manifesto, signed by more than 50 people, affirming the religious convictions of the Escuintla populace and asserting that the area was not predominantly Communist and "never will be". Sticker, handbill and poster propaganda is flowing in greater quantities, with apparently good results. The propaganda is being continued, even while ESSENCE contacts report that there has been enough propaganda and the people are only awaiting action.

In the political propaganda-political action field, the ESSENCE group has been organizing local branches in all the departments. Group representatives have been making inspection and recruitment trips through the countryside, with apparently excellent results in organizing sympathizers, propaganda distributors and agitators. Reports received from the western part of the country show a high degree of readiness to assist; reports from trips to the eastern part are not yet in hand.

LINCOLN has been assisting the political propaganda-political action work with general guidance, with suggestions for specific operations and a running constructive critique of work in progress in the field.

The subsidized publications, El Rebelde, CEUAGE and El Combate, have continued their regular publication and have shown limited responsiveness to LINCOLN guidance. LINCOLN has, on a weekly basis, sent out finished Spanish-language articles and specific guidance to the case officers in charge of El Rebelde and CEUAGE; transmittal of material and suggestions have been made on a running basis to El Rebelde.

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but the case officer for CEUAGE did not make contact until shortly before the close of the period; no cut-out being available for El Combate, the material could only be mailed to the publication.

Useful support to friendly objectives has been rendered by the independent press in Guatemala. Close scrutiny of that press indicates that it has been as courageous and forthright as possible under difficult circumstances, missing virtually no opportunity to criticize the government and Communists. Clemente MARROQUIN Rojas, editor of La Hora and Impacto, is outstanding in this respect. An effort was made to dispatch Francisco MENDEZ, editor of El Imparical, to Caracas, but this plan was frustrated by Venezuelan unwillingness to grant him an entry visa. Newspapers outside of Guatemala, particularly those in Mexico and El Salvador, have widely reprinted anti-Guatemalan material.

Radio propaganda, hampered by the absence of the clandestine station, is proceeding on a reduced scale in Guatemala, Salvador and Honduras. There is no present evidence as to the effectiveness and reception of these programs.

Plans initiated in the propaganda field include the Hemisphere-wide anti-Communist conference to be held in Mexico City. in early May; the opening of a channel to an anti-Communist Guatemalan deputy who will be asked to give LINCOLN-ghosted speeches on the floor of the Guatemalan Congress; the development of a Guatemalan exile front in Nicaragua, etc. The Case Officer for SHERWOOD is on location preparing background material for radio scripts and planning the notional broadcast.

4. Paramilitary

During the interim period it was established that CALLIGERIS understands what is required of him and is apparently willing to cooperate with the "GROUP" in implementing the military plans. He has furnished the identities of key personnel at all target areas. Information on the exact present status of all former CALLIGERIS personnel is now being elicited from couriers and casual CALLIGERIS travellers for compilation and study.

Thirty-seven (37) saboteur leader candidates commenced training 5 March and will graduate 21 March. Thirty (30) leader candidates commenced training 5 March. Seven (7) commo candidates commenced training during the period also.

Twenty-two (22) sabotage targets have been selected and discussed with CALLIGERIS who is recruiting the teams for each leader. One special mission has been assigned and discussed with CALLIGERIS, who will recruit the necessary personnel for the mission when alerted.

Methods of infiltrating Category I equipment to various targets were discussed, and progress made on the planning in this field. Paramilitary tactics were rediscussed with CALLIGERIS' military Chief of Staff, who compiled detailed notes. Complete agreement as to the manner and scope of operations was achieved between the "GROUP" and the "JUNTA". CALLIGERIS volunteered the statement that the "JUNTA's" men and himself have respect for the PM Field Officer's "professional efficiency".

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A time-table for completion of operational tasks prior to H-hour was discussed. Three (3) staging sites were tentatively selected for procurement in Honduras. One air strip in Honduras was surveyed for suitability and the method of procurement, facilities necessary, signal matters and ground logistical matters were discussed for both this strip and the alternate strip. Action on procurement is to commence on receipt of support notification from the Honduran Government.

Procurement of one staging site in San Salvador was authorized. The remaining two sites were discussed with [] and procurement is pending receipt of support notification from the Salvadoran Government.

One strip in Salvador was surveyed and found suitable, as was another spotted by []. The procurement and preparation of facilities depends on receipt of notification as to the scope of government support.

The SARANAC camp was reconstructed and SCRANTON was moved to that site []

5. Defection and/or New Assets

Early in PBSUCCESS operations it was recognized that considerable hazard existed in the fact that most operational planning had to be based upon [] CALLIGERIS sources and that no other, completely independent and reliable, controlled sources were available. In addition to this situation of having the bulk of intelligence emanating from one principal group, it was also apparent that practically all propaganda, political and paramilitary assets were likewise contained in this same group.

The limited operations staff at LINCOLN precluded any effort other than firming up existing assets until the arrival of Graham L. PAGE, a senior KUFIRE officer. Upon latter's arrival he was immediately assigned the task of studying all existing assets for CE operations and background for development of defection and/or new assets whether for intelligence, propaganda, political or paramilitary. PAGE has made rapid progress and is now considered sufficiently prepared to undertake operations in the field. It is contemplated that he will proceed to Guatemala under deep cover during the next reporting period. His mission will be primarily one of attempting to establish defection operations against key target personnel and exploiting all opportunities to develop new, independent assets. The utilization of these assets would depend upon their nature and qualifications. A separate report will be prepared on this operational activity.

B. Analysis

Although continuing to be hampered by lack of rapid means of communications aside from cables and the urgent necessity of conducting all field operations as securely as possible, definite progress has been achieved during the period reported herein. The second effort to re-align CALLIGERIS' activities appears promising and now largely depends upon the ability of PBSUCCESS field personnel to implement their respective responsibilities.

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The "White Paper" and the OAS anti-Communist resolution have served to draw the issue more clearly between the respective camps with the result that the anti-Communists are rapidly reaching a point of doing something before it is too late. Re-evaluation of the numerical strength of the anti-Communist population reduced the exaggerated figure of 90% to approximately 45%. Insufficient information is available to adequately define or identify this proportion of the population although certain segments of political and labor elements have been fairly well established as entities of anti-Communism.

IV. Conclusions:

A. Enemy

1. Capabilities

Although inadequate information is available to accurately determine the enemy's capabilities it is estimated that:

- the enemy is capable of exercising repressive measures against a significant portion of the opposition at will;
- the enemy would have the support of the Armed Forces in the event of a foreign invasion;
- the degree of the Armed Forces support in the event of a popular, internal up-rising is in doubt;
- the enemy is capable of exercising police powers in event of a public reaction against the government;
- the enemy is capable of employing large numbers of paramilitary forces at will;
- in the event the Armed Forces failed to cope with a popular up-rising the enemy is capable of attempting to counter-balance the situation through a combination of police and paramilitary forces;
- the enemy possesses the capability of subduing forcibly any minor up-rising or revolutionary attempt exploiting same to his advantage;
- the enemy possesses the capability of resorting to civil or guerrilla warfare in event of a major revolutionary effort which successfully dislodges his present control;
- the enemy possesses the capability of moving rapidly into a denied area status; and
- he possesses the capability of completely subjugating Guatemala to true Soviet satellite status within a reasonably short period.

2. Intentions

From available information and knowledge of Communist doctrine, the enemy's current intentions are believed to be:

- profess democratic procedures while implementing Communist practice;

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- accelerate propaganda attacks on the U. S. Government and businesses, exploiting to maximum factual as well as notional data and/or situations;
- accelerate subversion and neutralization of his Armed Forces;
- accelerate training, arming and preparation of paramilitary forces;
- substitute free press with a controlled opposition press;
- initiate repressive measures against all real or potential opposition elements;
- expedite expulsion and/or expropriation of American business interests and investments;
- prepare to defend Communist gains to bitter end, if necessary, while moving rapidly to increase control over all segments of the country.

B. Friendly

1. Determining Factors

The advent of unfavorable weather commencing early June 1954 precludes any military operations thereafter until October 1954.

The operational peak will be attained about first of June 1954 and if delayed materially beyond that date, morale deterioration will become unavoidable, commensurate with the length of the delay.

The morale of potential resistance personnel within the target country, having been encouraged and prepared to act after many false promises and abortive attempts, must be seriously considered in any further delays beyond early June 1954.

The political situation in Honduras, currently favorable to operations, will deteriorate rapidly after mid-June 1954, as internal politicking becomes accelerated. Present indications are that the Presidential elections, due to take place in October 1954, will be hotly contested, thus negating any consideration of being able to conduct operations unhampered against Guatemala during this period.

The very nature of a revolutionary movement precludes exercise of good security throughout, thus it is constantly vulnerable to penetration by the Communists. This security vulnerability will increase proportionately with the acceleration of preparations. Therefore security increases in reverse proportion to the length of time of exposure. This factor must be considered before delaying the operation beyond the earliest point of readiness in order to avoid deterioration through compromise.

Once arms arrive in forward friendly areas and are placed in the hands of indigenous anti-Communist personnel, CIA, through PBSUCCESS, will not be able to ensure effective control over the use

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of these arms except through fulfillment of existing operational plans. Departure from or undue delay of those plans, would jeopardize control over the arms and could result in unilateral action despite all efforts to forestall same.

2. Favorable Factors

The organizational structure of PBSUCCESS viz the "JUNTA" is now considered approaching operational adequacy.

The agreement on basic principles having been tested and reassured indicates satisfactory understanding and rapport necessary for ultimate success of PBSUCCESS.

The paramilitary operational and logistical plans are materializing on schedule and indicate readiness by 1 June 1954.

Intelligence developments are progressing rapidly and if no unforeseen developments occur should be capable of providing fairly accurate and timely information necessary to guide and conduct final operations by 1 June 1954.

Propaganda organization should be capable of meeting psychological warfare requirements for an intensive 60-day build-up commencing slowly on 1 April and reaching crescendo on/about 1 June 1954.

Political alignment of all opposition factions is considered within the capabilities of friendly forces through adoption of a positive, dynamic political platform by 15 April 1954, which will meet the hunger of the people for something to be FOR.

Re-evaluation of friendly potential population, while greatly reducing original, leaves enemy with a conservative estimate of only 5% of the population.

Field survey through populated West and Northwest area of target country revealed sharpened awareness of the need for real action soon and weaknesses within areas regarded heretofore as Communist strongholds.

Enemy armed strength before defection has been estimated at 30,000. PBSUCCESS contemplates arming 5,000 to 6,000 militant anti-Communists. Whereas Communists represent only 5% total population with 20,000 armed partisans, PBSUCCESS estimates an equivalent if not much larger number of persons among the 45% anti-Communists who must also possess private arms. Thus, equality in armed strength is considered highly probable.

The terror psychological warfare program being prepared for SHERWOOD notional broadcast during H-hour is estimated as being able to furnish 20% advantage over the enemy and capable of becoming determining factor in the operation.

The OAS Conference resolution, the Hemispheric anti-Communist Conference in Mexico, The Military Pacts and other external influences should reach full impact on the target audience about 15 May 1954, thus furthering the determination of the people to resist Communism.

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3. Attack Plan

Analyzing the enemy situation and capabilities in view of the above determining factors and giving full regard to the foregoing favorable factors clearly indicate:

- that weather, the enemy, the morale of operational and resistance personnel, security, and general timing will reach peak of effectiveness about 1 June 1954;
- that delivery of arms scheduled for 1 April 1954, must either be indefinitely postponed or authorized to proceed on a firm basis of operational follow through;
- that general operational readiness is obtainable on or about 1 June 1954;
- that weather precludes operational action after 10 June 1954 until about October 1954;
- that likelihood of political instability in Honduras and possibly Nicaragua, about October 1954, would seriously interfere, if not preclude, operational action at that time.

Foregoing therefore indicates need for immediate decision whether the attack phase will be authorized for early part of June 1954 or postponed indefinitely. By authorized, it is intended that PBSUCCESS will be authorized to proceed on schedule to develop operational readiness at earliest practicable date which now appears to be about the first week of June 1954.

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PART TWO
PROJECT ORGANIZATION

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PART TWO
PROJECT ORGANIZATION

Sufficient time was not available to prepare this portion
of the Second Interim Report on Stage Two.

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PART THREE

REEXTENSION OPERATIONAL PLANS FOR STAGE TWO

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PART THREE

RE-EXTENSION OPERATIONAL PLANS FOR STAGE TWO

I. General:

Interim Report, Stage Two, dated 15 February, revealed that administrative delays had caused planned project progress to fall 30-40 days behind. An extension of Stage Two for 30 days was accordingly recommended. This Interim Report, while reflecting appreciable progress, still indicates that more time will be needed before Stage Three can begin. It is therefore proposed to extend the Operational Plans for Stage Two, as modified and/or expanded herein, until approximately 15 April.

II. Re-Extension of Operational Plans, Stage Two:

A. Organization

Following operational plans to be implemented by and through LTNGOIN, PBSUCCESS Regional Command.

B. Basic Objectives

Create dissension and defection within the target;

Discredit target at home and abroad;

Demonstrate inability of target regime to represent best interests of people;

Create hope and encourage patience among non-Communists;

Begin economic pressure;

Begin formation and training of a paramilitary force in exile and in the interior of the target.

C. Assessment

Assess progress of foregoing and prepare same with recommendations to Headquarters for future action.

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III. Specific KUFIRE Tasks:

A. Based in Guatemala:

1. FT/1

The Principal Agent, ESCONSON - 2, has been briefed regarding targets of interest and it is believed that he and his sub-agents can develop the desired coverage. It is noted, however, that ESCONSON-2 and his sub-agents do not have access to high level target personalities. Project agents are considered low and middle level operators and by reason of educational background are unlikely to develop high level contacts. Nevertheless, their contacts in other than top level echelons are believed to be valuable and will probably produce desired information. Principal contributors to coverage of targets will be ESCONSON 2, 3, and 7. ESCONSON 4 and 5 will continue to provide operational background information relating to travel, biographic data, etc. Their contribution to the FT/1 targets cited in HUL-A-21 will probably be nominal since they do not have the mobility and required accessibility. Security remains good; no contact or communication problems presently exist.

Estimated cost: \$800.00.

2. FT/2

ESCROW's numerous contacts within Spanish and Guatemalan groups as well as within diplomatic and consular circles continue to afford the reporting station with timely information on personalities and groups. He is being briefed on the necessity of concentrating his efforts within high level pro-government political circles although, as will be noted from his past performance, he is fairly well entrenched in such groups at present. The security aspect of this FT is believed good but efforts are being made to provide him with a more secure place of contact. Communications between the Case Officer and ESCROW are channeled through Arthur G. VAIVADA and there is no present reason to believe the channel is not secure.

Estimated cost: \$600.00

3. FT/3

Except for such prominent organizations as the Communist-line Alianza Femenina Guatemalteca (AFG), a coverage of women's activities and organizations has not been complete in the past. As instructed, ESOTROPE will concentrate on the development of psych intelligence relating to major women's groups. At the same time she will begin a study of the entire target area to provide basic information essential to evaluating current reports and possibly to plan future action. It is doubtful that ESOTERIC will make an appreciable contribution to the collection of economic intelligence. Since his withdrawal from the ESCONSON operation he has helpfully served as a channel of communications with ESOTROPE and has occasionally volunteered information

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regarding economic matters. However, he appears to be pre-occupied with personal business matters and does not appear to be inclined to expend extra effort in the collection of information of interest. Nevertheless, relations between him and TRANGER are very cordial and an effort will be made to extract pertinent information from him when the opportunity permits. There are no current operational problems in connection with this task. Contacts and communication are believed secure.

Estimated cost: \$200.00

4. FE/4 In Mexico City

5. FT/5

Since news of the recent plot against the government was made public, both ESODIC and his older brother, ESODIC I, have exhibited an attitude of extreme caution. For a period of approximately two weeks both were of the definite impression they were under surveillance by the local authorities. For that reason contact with them was sporadic and carefully managed. As of 8 March 1954 both brothers are jointly working on a project which calls for evaluating an extensive list of Guatemalan Army Officers. It is planned that when they have completed the project, which may be around 18 to 20 March, they will be briefed on the necessity of carefully developing those officers whom they consider beyond any doubt to be anti-Communist. The security of the FT is only fair at present; however, extreme caution continues to be exercised and a system of danger signals and alternate meeting places is being worked out. At present no communications in written form are passed between either brother and Case Officer. No money is currently involved but the older brother (ESODIC I) has been told that he must feel free to accept reimbursement for any expenses incurred in obtaining information for us. It is planned that he will be offered a personal operational expense account. If accepted, this will provide a little more control than exists at present.

Estimated cost: \$1,000.00

6. FT/6

As yet the opportunity has not presented itself for an attempt to develop the subject. It is planned that the approach will be made in the near future and a report submitted at that time.

Estimated cost: \$400.00

7. FT/7

Subject is in Mexico.

8. FT/8

Provisional operational clearance has been obtained for

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the utilization of these individuals and they are now being used to provide travel information, and information on political trends from their many unwitting contacts.

Estimated cost: \$800.00

9. FT/9

A direct approach was made to subject on 14 January 1954, at which time he agreed that for \$150.00 per month, plus possible travel expenses, he would furnish as much information on the CP as came to his attention. He has had no hesitancy in furnishing reports in his own handwriting, has not hesitated to sign receipts for money with his true name, and in other ways has given the impression that he has full confidence in, and is working exclusively for, [] He is a clever individual whose appearance belies his native intelligence. At present, control over him consists of retention of those handwritten reports and signed receipts and control over the amount of money he receives. Security of the FT is believed good although steps are being taken to improve it. Communications between ESPOUSER and the case officer consists solely of accepting written notes from him. Nothing in writing is ever given him by the Case Officer. His reliability has not as yet been established, but if and when it is, Subject will be briefed and asked to furnish information on details of the CP paramilitary preparations within labor groups.

Estimated cost: \$500.00.

10. FT/10

Direct contact between the Case Officer and VAIVADA has been maintained since 4 January 1954. Since 22 January 1954 VAIVADA has been in direct contact with ESCROW. The initial meeting was carefully arranged and was carried out without incident. Since that time ESCROW and VAIVADA meet on the average of twice a week in order to exploit ESCROW's potential to the fullest extent. The Case Officer and VAIVADA meet on the average of twice each week, especially on the morning following each meeting between ESCROW and VAIVADA. Thus far the security of the meetings between VAIVADA and the case officer is believed good. The two meet at a pre-arranged place on a pre-arranged hour. Danger signals between the two have been worked out satisfactorily as well as "double talk" telephone conversations. Thus far there is no indication that security is in danger. VAIVADA depends on the Case Officer for administrative support and as a channel to Headquarters.

Estimated cost: \$3,000.00.

B. Based in Salvador:

1. FT/11

. This FT developed much faster than LINCOLN had anticipated

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therefore, RENNELL has been asked to go to LINCOLN in order to discuss the involved details of this FT. JUBILIST arranged a meeting between JUBILIST II and JUBILIST III, wherein JUBILIST III undertook to arrange a conference between JUBILIST II and ERRATIC. The conference was held 20 February 1954 at 1830. As of 20 February 1954 [] has been in contact with ERRATIC through cutouts JUBILIST and JUBILIST II. A full report has been received at LINCOLN in reference to ERRATIC's assets. Because of the fact development of this task and the complications which are setting in, LINCOLN advised [] to curtail the frequency of the contact. CALLIGERIS has expressed himself very strongly that he does not wish to have any kind of help from, or contact with, ERRATIC. CALLIGERIS believes strongly that any help received from ERRATIC or any contact with him would do more harm than good to the operation at this time. Much more information will be available on this task after the conference with RENNELL.

Estimated cost: \$5000.00 (pending conference with RENNELL)

2. FT/12

The return of JUBILIARIAN to Salvador, [] will make it possible for JUGATION to be discharged by the [] for economy reasons and re-hired by JUBILIARIAN under guise of the Liga Anti-Comunista Salvadorena. []

JUBILIARIAN has asked for a 2-3 weeks delay in taking over JUGATION under the guise of the LAS. The time is necessary to arrange his affairs after his long absence. JUGATION is now in contact with the local Guatemalan Military Attache and is attempting to establish good rapport with him. JUGATION is attempting to accomplish FT/13 by direct approach but has been reluctant to approach Subject since he is convinced of his loyalty to the current Guatemalan regime. JUGATION has been instructed by the [] to discuss again Guatemalan governmental affairs with the suspect and this time to view them with manifest distaste to see if his first impression is still confirmed.

Estimated cost: \$400.00

3. FT/13

As stated in FT/12, this task is still being held in abeyance. []

[] it should provide information and checks on purported ERRATIC and CALLIGERIS penetrations.

Estimated cost: \$200.00

4. FT/14

JURIST has informed [] of a proposed vacation

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trip to PBPRIME on or about June 1954. JURIST has suggested his business assistant take over the JUROR net in his absence. PRQ, Part II designating this person as JURIST-I has been submitted by [] Project JUROR has been approved by Headquarters for the period 1 January 1954-31 December 1954 for an estimated yearly cost of \$2700.00. [] was informed by [] 241 that one of the Headquarters Senior Staff, when approving the JUROR project, recommended that the operation be developed slowly with emphasis on the maintenance of operational security with a view to the project's long range possibility. This recommendation was sent directly to [] from C/WHM with info copy to LINCOLN. JURIST has ordered the Guatemalan policeman recruited for the LAS and is awaiting the report of JUROR-I with PRQ data. JURIST reports the Guatemalan policeman is a friend of long-standing of JUROR I and is under obligation to him. He further reports JUROR-I has talked with him and obtained his agreement to furnish information which could be used to combat Communism in Guatemala. The policeman has been transferred from the border area, so it will be necessary for JURIST to give JUROR-I a vacation so he may cross into Guatemala and contact the policeman at his new post. It is anticipated using the policeman's wife to act as courier to JUROR-I. JUROR-I has been asked to find out the following: Where the policeman is presently stationed? What are his exact duties? What is the title of his position? What salary does he receive? Who is his immediate superior? Who is his ultimate superior? Who is in charge of security? Can he provide information regarding police orders, special orders, and orders asking for checks on special persons or groups in his area? Actual changes or even rumored changes in police orders and regulations? Information of persons leaving or entering Guatemala? Their names, their destinations, their activities, their contacts and their reason for the trip? JUROR has instructed JUROR -I to arrange for the policeman's services at approximately 30 colones per month. The wife will be paid on a trip basis. The policeman will be designated JUROR-III. A PRQ will be provided and submitted when facts are ascertained. JURIST has been providing information on possible fincas that may be used by PBSUCCESS. Finca C has been located as splitting the border in the general area N Lat [] These belong respectively to JUROR-I and JUROR II. A sketch was prepared by JURIST to show precise location and direction for approach. This was furnished to LINCOLN under [] 488. JURIST has undertaken to sound out the entity at Santa Ana who has Finca B but warns that this individual's general reputation is one of liking to display his importance and JURIST has qualms regarding his secure handling of a situation. It is his idea to locate the proper finca, assure himself of the general position of the owner and then recommend the finca be occupied without prior notice with the assurance the owner will go along and perhaps keep his mouth shut for the limited period the finca is needed. The border fincas are in such a state wherein we can arrange access to the owners for PIVALL and he may approach them with assurances of security.

Estimated Cost: \$500.00

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5. FT/15

Because of developments JUBATE was transferred from FT/16 to FT/15. JUBATE has procured information on location of air-strips and the name of the owner of Finca A as reported by dispatch to LINCOLN. He is handling JUBILIST who is unwitting and who owns air-strip No. 2. JUBATE will undertake, through suitable cutouts, the stocking of fuel at said air-strip should the MT requirement be laid on. JUBATE has also taken over JUBILIST-I and a potential agent, also an employee of JUBILIST; they will henceforth be known as JUBATE-I and JUBATE-II. Both are attempting the penetration of the local communist party; they will be carried for a few months and then dropped from the payroll unless they have achieved their goal. In this manner it is hoped to spur them to greater activity and at the same time avert a position wherein they become as JUGULAR, a career potential penetration agent.

Estimated cost: \$500.00

6. FT/16

JURAROR's close relationship with the family of President ARBENZ has prevented [] use of Subject as an unacceptable security risk at the present time. It is planned to keep the task and Subject available for possible political action with access to President ARBENZ if the situation ever warrants it.

Estimated cost: \$500.00

7. FT/17

RENNELL received a letter (8 March 1954) from JUSTIFIER-I who stated that he and his family will shortly depart by air for Spain, Italy, France and England for approximately eight weeks and return via New York City (one week) to Caracas by sea.

Estimated cost: No additional funds required.

C. Based in []

1. FT/18

Both CALLIGERIS and SEQUIN report that weekly contact has been established with the intelligence structure in Guatemala and that all of it is presently operating. This is also confirmed by the reports of several of the trainees presently being sent from Guatemala for training in Nicaragua. [] is the head of all CALLIGERIS' organization in Guatemala since SEQUIN left the country. [] has under him the SHINGLE net which includes SLEEKER, the CP penetration; SECANT, the military nets; and his own agents covering the political field. Directly under [] is ESSENCE and his group. In order to have a better line of responsibility, direction, control and compartmentation, it was fully agreed with CALLIGERIS that ESSENCE and all the propaganda aspects

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in Guatemala would be handled by ESSENCE through RAZMARA. CALLIGERIS is sending these instructions to [] and RAZMARA will receive the same instructions. [] sensitive position was discussed in detail. Both CALLIGERIS and SEQUIN strongly believe that he can still remain in Guatemala and continue to work; they claim he has been in hiding for approximately a year and that the Communists do not know his whereabouts. He does presently have a replacement picked, who can be briefed fully if something happens to him. The replacement is [] full biographic data on this man should be available soon since one of [] contacts in Guatemala is taking a business trip to El Salvador, possibly the week of 14 March 1954. SEQUIN will contact him in Salvador and it is planned that LUGTON will also be present for the contact. The question of SECANT was also discussed by ONTRICH with CALLIGERIS and to a minor degree with SEQUIN. Both CALLIGERIS and SEQUIN think very highly of SECANT and believe strongly he can stay in Guatemala to organize and run his nets from within the country. ONTRICH pointed out the dangers involved and also the possibility of SECANT being under control or at least the watchful eye of the Communists. CALLIGERIS pointed out that he was in frequent contact with SECANT and was positive the man was all right. After ONTRICH's return to LINCOLN the Chief of Project decided that SECANT must be brought out of Guatemala, fully debriefed and LC FLUTTERed before 1 April 1954 when it is planned that the first shipment of arms will start reaching CALLIGERIS. A message was sent to CALLIGERIS requesting him to instruct SECANT to brief the replacement, finish making contact with his people and set up his nets, be prepared to run his nets outside Guatemala, bring out all operational information and be in Tegucigalpa on 25 March 1954. ONTRICH is planning to be in Tegucigalpa on 25 March to debrief SECANT. Arrangements are being made for an LC FLUTTER team to be there at the same time. SLEEKER has produced letters written by Communist agents in Honduras and El Salvador to CP Headquarters in Guatemala City; these letters were copied from CP Headquarters files. A report of an agent who was recruited, trained, and deported from Honduras on trumped-up Communist charges, according to arrangements made with [] is being prepared by LUGTON. This agent is presently in Guatemala and is starting to produce some fair information. The raw reports were being processed in Tegucigalpa when ONTRICH departed 11 March 1954.

Estimated cost: \$8,000.00 Guatemala
\$2,000.00 [] Total: \$10,000.00

2. FT/19

All of CALLIGERIS' sensitive diplomatic sources are being handled under this task. A list of these sources have been furnished to Washington by HUL-A-21. ONTRICH had an opportunity to check one of these sources during his recent trip to Salvador; []

[] a, who is definitely a close friend of CALLIGERIS. The agents working in Tegucigalpa, San Pedro Sula, and along

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the Honduran-Guatemalan border are all under this task.

Estimated cost: \$6,000.00

D. Based in Nicaragua

1. FT/20

According to []-166, C, WH has recommended that Project ERGATES be terminated at the time of its expiration 30 April 1954. Although LINCOLN was not consulted on this matter. LINC will agree with whatever decision is made by [] and WH as to renewal of the project. However, LINC will continue to carry ERGATES under FT/20 until the conclusion of PBSUCCESS. ERGASTERION had been admitted as a member of the party and although not an official, he does have contact [] of party officialdom.

Estimated cost: \$400.00

2. FT/21

No change.

Estimated cost: No additional funds required.

3. FT/22

No change.

Estimated cost: No additional funds required.

E. Based in Honduras

1. FT/23

This task has been established in support of Stephen R. LUGTON's cover business, [] in Tegucigalpa, Honduras.

Estimated cost: \$500.00

F. Based in Guatemala

1. FT/24

ESPERANCE Project, Guatemala Station. Request Headquarters' approval for this new task which will have as its mission the penetration of the PGT by ESPERANCE I and will also attempt independent Military penetrations. (Reference: HGG-A-730)

Estimated cost: \$400.00

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IV. Specific KUGOWN Tasks:

A. Based in Guatemala

1. PT/1

El Rebelde continues to be published weekly, with a circulation of 15,000. There are two fifteen-minute radio programs daily over Radio Internacional. A CEUA pamphlet left the printers and was ready for distribution on 12 March. A pamphlet was created and is now in production, the title of which is Communism: Enemy of Religion. The Escuintla affiliate of CEUA published a manifesto entitled Manifiesto al Pueblo. CEUA has written a poem entitled La Profecia; music is now being written and a recording will be made for distribution in Guatemala. Each week during this period liaison teams from the ESSENCE group visited various cities in the provinces; these liaison teams are comprised of persons from the CFA, the AJA, and the CEUA. In the forthcoming period these activities will be liberally expanded to take advantage of all possible opportunities. In order to provide a different type of KUGOWN activity, ESSENCE has been instructed to appoint a provocation telephone team which will be used to make black telephone calls. Another new effort will be to offer aid to 100 destitute persons living in the Escuintla Cemetery through a Guatemalan agricultural group. This gesture will be followed by CEUA propaganda which will point out that there are destitute persons in Escuintla, the hotbed of Guatemalan communism. Other actions in the propaganda and political action fields will be taken as opportunities arise.

Estimated cost: \$25,000.00

2. PT/2

[] continues to remain cooperative.

Estimated cost: No expenditure anticipated.

B. Based in []

1. PT/3

The weekly newspaper El Combate continues to be published with a circulation of 5000, of which 3000 copies go into Guatemala. This is the best of the controlled news organs. A fifteen minute daily program of the FAGE continues to be broadcast over Radio Cristal at 1250. [] has one-way mail communications only with FAGE. A step has been taken whereby FAGE will be put into direct contact with HEGARTY. In the forthcoming period guidance and support to FAGE will be intensified.

Estimated cost: \$5,000.00

2. PT/4

[] continues to have access to the daily paper, Patria Nueva, which has a circulation of 6,000.

Estimated cost: \$1,000.00

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3. PT/4 A

This task is not yet in operation. [] is making
plans [] The scripts
will be prepared by JUVENILE; the cutout between him and []
[] will be JUFFERNAUT.

Estimated cost: \$1,000.00

4. PT/5

The [] Officer continues to cooperate with []
and is able to plant white materials supplied by []
JUVENILE, who is doing radio scripts for PT/4 A, will appeal
to [] for guidance.

Estimated cost: \$500.00

C. Based in []

1. PT/6

HEGARTY, the cutout to CALLIGERIS and CEUAGE, has arrived
in Tegucigalpa but his cover job is taking more of his time
than was anticipated; he is in direct contact, however, with
an officer of the CEUAGE. The weekly bulletin of CEUAGE
continues to be published with a circulation of 5000, of
which 3000, is said to go into Guatemala; editorials submitted
by LINCOLN are being used. An affiliated group, the CAGE,
has been established in San Pedro Sula. The outstanding job
of CEUAGE during this period was a pamphlet directed to the
delegates of the Caracas Conference; this pamphlet is being
carried to Caracas by three lawyers who represent CEUAGE and
its affiliated groups. HEGARTY will endeavor to convert the
CEUAGE bulletin into a paper which will appeal to military men
within the target country. HEGARTY will place as much emphasis
as possible on achieving distribution of the CEUAGE product
within the target country. HEGARTY will also make contact with
PAGE.

Estimated cost: \$8,000.00

D. Based in []

1. PT/7

The LIONIZER group is not liked by [] and CALLIGERIS
who call the group "reactionary". It is LINCOLN's opinion that
ideologies have little to do with the disagreement between these
two factions. The difficulty is more likely one of personalities.
LIONIZER has been producing well for [] Early
in March CALLIGERIS, without coordinating with [] sent
[] to Mexico City with the idea of setting up a new
propaganda group. Although this group does not exist as yet, it
carries the name of FEGAM. [] was told not to
cooperate with [] and [] following the instruction of
LINCOLN, wrote to CALLIGERIS politely reprimanding him for free-
wheeling in the KUGOWN field. [] is now endeavoring
to enter Mexico in order to attempt to iron out these

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difficulties and bring unity among the Guatemalan groups. The LIONIZER group continues to publish twice monthly its bulletin which is high-quality work. LIONIZER has repeatedly been able to plant material through the press and has engaged a top-flight cartoonist who will produce two cartoons weekly for LINCOLN; at LINCOLN the cartoons will be reproduced and sent to several other countries. LIONIZER has also aided target country refugees seeking haven in Mexico. LIONIZER will play a part in the Hemisphere Congress scheduled for Mexico City on 5 May 1954. [] is now proceeding to Mexico in an effort to bring unity to the several Guatemalan groups there in order that this unified front may then cooperate with agent RNSHIELD in staging this Congress.

Estimated Cost: \$2,000.00

2. PT/8

ESMERALDITE is in contact with the ORIT. Thus far this contact has produced information on the Guatemalan labor scene. An effort will be made to distribute labor propaganda within Guatemala through the ORIT mechanism.

Estimated Cost: \$1400.00

3. PT/9

[] in Mexico cooperates fully with [] in addition to this, [] has three press outlets, namely through LIBETHENITE-4, through RNLABLE, and through RNSHIELD. [] has been very successful in planting materials in the Mexico Press.

Estimated Cost: \$600.00

E. Based in Nicaragua

1. PT/10

[] has been successful in planting materials in two papers with a total circulation of 26,000.

Estimated Cost: \$400.00

2. PT/10 A

A new refugee group has been established in Nicaragua: the name of the group is Guatemala Libre. [] is in charge of the group and his cutout is a [] The group is not yet in operation.

Estimated Cost: \$1,000.00

F. Based in []

1. PT/11

SAFE HOUSE D replaces both SAFE HOUSE A and SAFE HOUSE B. Four Americans are now residing in the house: the housekeeper,

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the production chief, [] managing agent, and a radio man. There will also be one agent residing in the house: [] From a security point of view, this SAFE HOUSE is much better than either of the old ones because it is situated in a remote area and is surrounded by four acres of ground. There is ample room to house several more Guatemalan citizens. Eight such persons, with press and radio experience, are currently being considered and are possibly available for the job. Various degrees of action have been taken to recruit all of them: one of these persons is now in the United States and should be at LINCOLN in a few days.

Estimated Cost: \$5,000.00

2. PT/12

HEDIGER is now the only person in this house. The site will be given up in favor of Site E. A request has been made that HEDIGER be returned to Washington and a new production chief has been spotted and requested. This new man is currently in Washington and is a staff officer. Writers are being recruited.

Estimated Cost: \$1,500.00

3. PT/13

This task will be performed at Site D. Writers are being recruited.

Estimated Cost: \$5,000.00

4. PT/14

Raymond J. KYBER will negotiate for installation of the clandestine radio in Nicaragua. The equipment is in readiness.

Estimated Cost: To be provided by KUCLUB.

5. PT/15

This task is in process of development by Headquarters.

Estimated Cost: To be provided by KUCLUB.

6. PT/16

This task is being conducted by Headquarters personnel.

Estimated Cost: To be provided by KUCLUB.

7. PT/17

Liberation currency: Headquarters has expressed an interest in this idea and has requested that [] produce

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the verbiage and suggested design for the currency. This will be produced by [] upon his return from Mexico. The black coffee pamphlet: Headquarters is considering this idea. Fabricated International Cables: To date it has been learned that such cables can be sent by []

[] An effort will be made during the coming period to utilize these resources in sending fabricated messages. During the present period a number of messages were sent from foreign Fronts to delegates at the Caracas Conference. The rumor campaign: []

[] have been requested to look for radio hams who may be able to serve this purpose on an unwitting basis. These activities will be pursued during the forthcoming period.

Estimated cost: \$500.00

G. Based in []

1. PT/18

The plans for this Congress are fully set forth in HUL-A-76. The first major step was to send [] to Mexico where he would try to achieve unity among Guatemalan groups and then proceed to offer cooperation and financial support to RNSHIELD who is managing the Congress. [] is now in El Paso, Texas, endeavoring to obtain a Mexican visa. If he is unsuccessful, plans will have to be changed. [] personal guidance would be highly beneficial to the Congress but not an absolute necessity.

Estimated cost: \$25,900.00

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V. Specific KUHOOK Tasks:

A. Based in []

1. MT/1

Assessment is continuing on a productive basis. CALLIGERIS has produced identities of civilian and military personnel in all target areas, plus identifying certain safe house facilities with connected personnel. Names and available data have been submitted to Headquarters for provisional operational clearance. []

[] Full [] data on the thirty-seven men in class No. I (sabotage) has been submitted. Initial study indicates the personnel to be medium level and properly assigned. Instructor's evaluation indicates high morale and mental readiness for task. Thirty leaders selected and now in training are being cleared. Initial evaluation by CALLIGERIS is high. The CALLIGERIS staff is producing a roster of all personnel scheduled for completion 1 April. The status of CALLIGERIS personnel inside the target area is being elicited from couriers and incidental travelers of CALLIGERIS' organization. Suitable sites for staging have been selected and occupancy authorized pending receipt of official or unofficial Honduras support. Strips and accompanying facilities have been located; their procurement depends on receipt of Honduras support. Such support has been indicated but its firming-up is being withheld pending an approach to Honduran authorities. During the period 15 March - 15 April, it is planned to complete the initial assessment, continue reassessment, and to make physical preparation for staging operations including occupancy of sites by cleared personnel and movement of Category I equipment to the sites.

Estimated cost: \$12,000.

B. Based in []

1. MT/2

CALLIGERIS indicated receipt [] of assurance of "spiritual support" and assurance ERRATIC would be removed physically from Salvador if CALLIGERIS desired. CALLIGERIS' high level contact is [] CALLIGERIS wrote [] on 6 March and SKIMMER representatives in Salvador at the time were notified by [] that OSORIO sent his "blessings" and was assigning JURANT to liaison with SYNCARP. OSORIO indicated that support beyond "spiritual" would be based on proof that this movement was a real effort and not merely another flurry of ineffectual actions. JURANT requested and received an audience with SKIMMER representatives who gave assurances necessary within security levels. JURANT indicated moral support and assured a report to CALLIGERIS by 13 March as to the degree of support forthcoming from Salvador. Air strips and accompanying facilities for staging flights along with staging sites were selected in addition to those indicated last interim report. On receipt of notification

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of the scope of support, the strips and accompanying facilities to be used will be acquired. Staging sites will be occupied and preparations for staging completed within this period including occupancy of sites by cleared personnel and movement of Category I materiel to the sites.

Estimated cost: \$7,100.

C. Based in []

1. MT/3

KUHOOK Class I (sabotage) training is underway with thirty-seven trainees. Graduation date is 21 March. KUHOOK Class II (leaders) training is underway with thirty trainees. Graduation date is 20 April. Ten additional sab trainees have arrived for the purpose of bringing sab team leaders to minimum of thirty after culls have been removed. Graduation date is 21 March. Commo training is underway. Graduation date has been tentatively set for 14 May. The commo training program has been revised due to program delays and moved-up deadlines. The original concept of radio operators qualified in agent radio/crypto procedures has been modified to a two-man team concept wherein one man is a radio operator qualified in agent/operator procedures and the second in agent/crypto procedures. At the same time, product requirements have been changed from twenty radio/crypto operators to thirteen radio operators and ten crypto men, while recruiting of experienced radio operators has been intensified. Advantages thus gained include: (a) an extension of time available for recruiting since each man is trained only in his specialty; (b) better product since each trainee concentrates on his specialty; and (c) further compartmentation of the radio operator from the net since he is not witting of the content of the messages he handles. Disadvantages include the logistical and security problems posed by using two men in place of one. Due to the scope of training problems, FIVALL has been directed to concentrate his entire effort on training, while his duties in Salvador and Honduras are to be handled through other means. [] shows no weakening of moral and physical support of PBSUCCESS operations in Nicaragua. [] commo training has been moved to the same site as KUHOOK training. From 15 March to 15 April it is planned to complete Class I, commence cargo kicker training of six CALLIGERIS personnel, continue Class II, and continue commo training.

Estimated cost: \$25,000.

D. Based in []

1. MT/4

No report received.

E. Based in []

1. MT/5

No report received.

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F. Based in []

1. MT/6

Equipment and supplies have been assembled at FJHOPEFUL. All packaging and bundling, inspection, and preparation are underway. A request to maintain the FJHOPEFUL personnel and facilities status quo through the PBSUCCESS operational period has been submitted to Headquarters. Between 15 March and 15 April it is planned to complete packaging and bundling, move all of Category I materiel to the staging sites, and to move forty per cent of Category II materiel to the staging sites.

Estimated cost: Staging area operations \$10,000; Air and FJHOPEFUL operations to be accounted for by C/Admin WHD.

2. MT/7

Identity: PBSUCCESS Air Support; Responsible Officer: Air Support Officer, LINCOLN. To prepare and implement air support plan with AMD Headquarters. Support requests have been coordinated with [] and Chief, FJHOPEFUL regarding assistance required for PBSUCCESS Air Support. Phase One of air support plan (air delivery of sensitive cargo from Washington to []) is well underway and will be completed in accordance with the time table. The PBSUCCESS air support plan was completed on 5 March. This plan was coordinated with AMD representatives and submitted to Chief WHD for Headquarters coordination and approval. The five air crew members recruited from CAT by AMD arrived in Miami 6 March. The air crews were briefed in [] and directed to proceed to [] in accordance with the air support plan and their cover story. Airports in Salvador and Honduras were inspected by a LINCOLN representative. Request for the use of these airports are being submitted to the respective governments. Authority to use these airports will also insure availability of aviation gasoline. The recruitment of FJHOPEFUL guards to be used as para dispatchers was unsuccessful. Presently it is being attempted to recruit four CALLIGERIS men for this job. The responsibility for providing para dispatchers still rests with Chief, AMD. However, LINCOLN is doing everything possible to provide these men. LINCOLN is also investigating the feasibility of utilizing a Nicaraguan air strip for training para dispatchers and as a Phase Four staging base. During 15 March - 15 April, it is planned to establish air operations at FJHOPEFUL, start actual air lift of cargo on 1 April, complete forty per cent of Phase Two and Three, recruit four para dispatchers, and obtain authority to use Nicaraguan, Salvadoran, and Honduran air strips.

Estimated cost: \$4,000 (advanced by LINCOLN to AMD air crews). Overall cost estimate of MT/7 to be furnished by C/Adm, WHD.

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FINAL REPORT
ON
STAGE TWO
PBSUCCESS

STAGE II
FINAL REPORT

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FINAL REPORT

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STAGE TWO

PBSUCCESS

REFERENCE: "Second Interim Report on Stage Two, PBSUCCESS," dated 15 March 1954.

1. Submitted herewith is the final report on Stage Two covering the period 16 March 1954 to 16 April 1954. Contrary to the practice heretofore, this report is confined to the assessment and analysis only of the situation during the reporting period.
2. This period proved to be a very unfortunate sequence of high level reviews which, at any time, could have terminated the Project or so materially altered it that the effect would be the same. Fortunately, however, despite the long delays encountered through each review, the basic concept of PBSUCCESS emerged as the approved method of achieving the objectives of the undertaking. In the light of this experience, it is believed that the following recommendations must be adhered to for the balance of the program:
 - Urgency: Time is now a vital factor to ultimate success.
 - Effort: The enemy is formidable. Therefore, no effort must be spared to offset his advantages by appropriate and thorough application of CIA's superior technical capabilities.
 - Thoroughness: Only by complete routing of the enemy will it be possible to attain the full objectives of PBSUCCESS.
3. Although the objectives of Stage Two have not been attained in a completely satisfactory manner, it is believed within the existing authority of LINCOLN to proceed to Stage Three operations.

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FINAL REPORT

ON

STAGE TWO, PBSUCCESS

ASSESSMENT/ANALYSIS

I. General:

The objectives of Stage Two, being unfulfilled by 15 March 1954, were recommended for continuation through 15 April 1954. In the assessment which follows it is believed that sufficient progress had been achieved to warrant concluding this stage of operations on 15 April and proceeding to Stage Three. Although not specifically stated in terms of Stages, authority had been granted by Headquarters to proceed with the operation as indicated herein.

II. Enemy Situation: (16 March - 15 April 1954)

A. Assessment

1. Political:

The enemy's defeat at Caracas was followed by numerous signs of internal apprehensions and tensions during this period. The repression campaign reported under way in the early part of March continued unabated through 15 April 1954.

Throughout the OAS Conference the enemy maintained an intense propaganda campaign on his domestic front and on the external front the enemy was greatly aided by Communist Party affiliates throughout Latin America as well as Europe and the Kremlin. Despite overwhelming acceptance of the anti-Communist resolution and the enemy's conspicuous position by voting against it, within Guatemala President ARBENZ hailed a moral victory at Caracas.

The most noteworthy conduct of the enemy was his restraint from releasing an attack on the U. S. Government for being involved in supporting the intervention of Guatemala by the exile forces. It was known that the enemy possessed many facts re PBSUCCESS operations, as evidenced by his publication of the "White Paper" in January 1954. Had the Guatemalan delegates unleashed a serious attack on the United States, the latter was prepared to expose specifically the true extent of Communist penetration and control of Guatemala. It is believed that the failure of the Guatemalan delegation to attack the United States may be attributed solely to the wisdom and restraint evidenced by Secretary of State, Mr. John Foster DULLES, who refrained during the entire conference from levelling serious charges against Guatemala specifically and confined his position to attacking Communism in general. A possible corollary reason for the enemy's restraint may have been his lack of confidence in the validity of his information as subsequent friendly propaganda on the "White Paper" discredited so many alleged facts.

The moral victory theme was carried to extremes by ARBENZ and TORIELLO after the Caracas Conference. A huge, Communist-inspired reception was staged at the airport upon TORIELLO's return. His lengthy oration then extolled Guatemala's defense of democracy and the principle of non-intervention. Shortly thereafter an exhibit stand was erected near the National Palace to depict TORIELLO's brilliant stand at Caracas and the alleged support of other nations for

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Guatemala's victory over "imperialists and interventionists." This characteristic over-doing of a false propaganda line may have impressed Communist followers but the thinking, politically-conscious people only recognized it for what it really was - a cover-up for having been publicly branded a Communist government. The true attitude of the government was revealed during this period by their arrest of Oscar CONDE upon his return from Caracas. CONDE, a known anti-Communist radio commentator, was falsely accused of embezzling funds for his trip to Caracas. However, the Communists were particularly careful to avoid making a political issue of CONDE's arrest. Although unable to publicize their position against the ARBENZ government, the JUNTA's delegation at Caracas, representing CASTILLO Armas, was a matter of open concern to the Guatemalan Delegation.

The constant haranguing over "non-intervention" at Caracas and at home had no sooner reached its peak of repetition than the Communists started to speak of "invasion." In the period 15-22 March several sources reported that the enemy was planning to announce a discovery of a new international plot about 10 April 1954, arresting all opposition leaders at this time. The following week reports were received that the enemy had alerted the Guardia Civil and the Army to expect a possible invasion about 10 April with a consequent general tightening of security. Border guards were reinforced and armed civilians were allegedly being brought into Guatemala City. During this period about 150 persons were arrested; some were anti-Communists, others only relations of anti-Communists in exile. Some of these persons were held but a few days for interrogation and then released. The Government's actions were clearly a follow-up of the non-intervention theme by charging that its enemies were planning to invade its soil, thus providing a moral justification for increase of internal repression.

During this "invasion scare" campaign in Guatemala, on 3 April 1954, a mixed group of assassins entered Nicaragua clandestinely and made a serious attempt on the life of President SOMOZA. The ensuing action resulted in the death of a number of the attackers and the seizure of nineteen others. Available information conclusively indicated the complicity of official persons in both Costa Rica and Guatemala. The leaders of the attack were former Caribbean Legionnaires who had allegedly planned the operation in Guatemala and, using Mexican arms, made their penetration through Costa Rica where they joined with certain anti-SOMOZA elements to make the attack.

Friction between Major Alfonso MARTINEZ, Director of DAN, and Number Two Communist Carlos Manuel PELLEGER, was believed to have been resolved due to reports to the effect that PELLEGER had been ordered abroad, possibly to Czechoslovakia. Investigation of these rumors did confirm that PELLEGER had been removed from agrarian matters and that he might be abroad although uncertainty existed over whether he had fallen out of favor with ARBENZ. At present PELLEGER is believed to be in the Quezaltenango area, engaged in basic Party organizational work.

The invasion propaganda and increasingly severe repressive measures evidently had their effect on the political parties supporting the Government as the PAR had split and ARBENZ found it difficult to obtain support for certain appointments and political rivalries

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became more apparent than heretofore. The Minister of Finance expressed little confidence in the economic future of the government and the latter became embroiled over the agrarian program as a result of Communist inspired seizure of land.

2. Intelligence:

The enemy's efforts to penetrate friendly forces apparently continued steadily during this period. Reports were received to the effect that Communist agents were being sent to San Salvador and from there to Honduras with instructions to join CASTILLO Armas' group. In early April reliable information was received that three Government agents had been sent from Guatemala City to offer their services to CASTILLO Armas as anti-Communists.

3. Propaganda:

The propaganda themes mentioned above: moral victory at Caracas, non-intervention and invasion scare, were all highly propagated by Communist media during the period. The independent press remained relatively unmolested during this time, possibly due to its cautious policy in attacking the Government and avoiding the subject of Communism.

4. Military and Para-Military:

Reports of arms purchases abroad continued to be received. The Chief, Armed Forces, Colonel Carlos Enrique DIAZ, departed from Guatemala on 7 April 1954, reportedly to arrange arms negotiations in South America, particularly in Argentina.

During the invasion alert mentioned above, it became apparent that the Army was planning and practicing for anti-riot duty and street fighting as such maneuvers were in evidence.

In the para-military field no further indications were received of the Government's intention to train civilians as previously reported. Information received continued to indicate, however, that the Communists had extensive small arms caches throughout the country. That civilians, reported above as having been brought into the City to increase its defenses, were present was a fact not confirmed although their presence was considered as a possibility in the role of militia or territorials, quasi-military organizations.

No information had been received during this period to alter the previously estimated military situation although reports persisted to the effect that dissatisfaction existed among the officer corps and many officers were openly anti-Communist.

B. Analysis

The enemy's hollow exhortations of a moral victory at Caracas and beating of the "non-intervention" theme was soon discarded or rather converted to "invasion scare" talk in order to provide the rationale for his more aggressive and less morally correct repressive measures which undoubtedly appeared to be necessary to arrest the mounting opposition to Communism. The studious avoidance of attacking the United States for

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intervening in Guatemala now appears to have been out of necessity to keep up the facade of being a non-Communist controlled government. The spectacle of Communists professing not be Communists while belaboring all the cliques of democracy is not new but is certainly one not to be forgotten.

It is difficult to believe that the Government actually expected an invasion or an uprising in early April. However, it is very reasonable to believe that ARBENZ and the Communists were fully aware of the seriousness of the anti-Communist movement and that CASTILLO Armas was continuing his preparations for an armed rebellion. Thus, the only defense for an unpopular political ideology such as Communism was to suppress all possibility of organization and arming while increasing propaganda efforts to convince the populace it was all done in the name of patriotism.

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III. Friendly Situation:

A. Assessment

I. Policy

During the OAS Conference at Caracas the Secretary of State was briefed for the first time on the details of PBSUCCESS. Owing undoubtedly to the position assumed by the United States and the developments at the Conference, Secretary DULLES sent word that he would prefer that CIA not proceed with PBSUCCESS beyond a point where its course of action would be irrevocably committed until he had returned and had had the opportunity of reviewing the operation.

In the Second Interim Report on Stage Two, LINCOLN had analyzed all relevant factors concerned and concluded that the most propitious time for the attack phase (Stage Five) would be the first ten days in June 1954 and that the project would be operationally ready by that time. Furthermore, whereas the Project had been flexible up to this time and no attempt had been made to set precise schedules, the movement of arms into forward areas, thence into hostile territory, would present an entirely different situation wherein tight scheduling of all operations had to commence if they were all to arrive by the same date of readiness.

The above situation had been presented to Headquarters by LINCOLN for concurrence which, in effect, constituted setting the D-date at ninety(90) days in advance. At the Coordination Meeting at Headquarters on 16 March 1954, the Second Interim Report on Stage Two was reviewed. Although it was recognized that the final decision had to be approved by DCI, the discussion which followed revealed only one dissenter, the CWH, Colonel J. C. KING. He did not accept the conclusions of LINCOLN and advanced his objections to the KUHOOK aspects of PBSUCCESS, stating that the project should be conducted primarily as a defection of the Army operation however long that might require as only in this manner could ultimate success be assured. After prolonged review of both LINCOLN's plan of operation and Colonel KING's proposal, the DD/P determined that both views should be presented to the DCI for decision.

In the meanwhile, the Secretary of State had returned to Washington and the matter of reviewing PBSUCCESS with him became a prerequisite, particularly as the approval of the above-mentioned LINCOLN proposal would constitute advancing beyond the point of irrevocable commitment. The two proposals above were reviewed with the DCI who decided that he would present the two alternates to the Secretary of State for his consideration: one, the LINCOLN Plan, envisioned a continuation of current operational plans to create the maximum pressures on the ARBENZ Government within the following ninety (90) days and, if necessary, terminate in aggressive, combined assault, utilizing all mechanisms prepared for this purpose; the second alternate, Col. KING's proposal, to abandon present plans and concentrate on a defection of the Army program over whatever period of time required to achieve the overthrow of ARBENZ.

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A high level review of PBSUCCESS was conducted between the Department of State and CIA on the above premises and on 28 March 1954 LINCOLN was informed that it had the "green light" on the proposal advanced in the Second Interim Report on Stage Two (See page 19 thereof), subject to periodic review by stages. It will be noted, however, that operationally this was a somewhat critical period and, unless and until the foregoing decision had been made, the Project was virtually at a standstill for about two weeks. Upon receipt of this approval to proceed to schedule all operations thereafter, a timetable was prepared, predicated upon the assumption that no unforeseen difficulties would arise during this ninety(90) day period. (See chart on next page.)

2. International Negotiations

During early March, President SOMOZA of Nicaragua revoked all tourist cards for American citizens and required all persons entering the country to have properly visaed passports. This action was undoubtedly in the interest of security and not directed at PBSUCCESS, nevertheless, it effectively blocked all LINCOLN plans for placing American personnel at SHERWOOD, SOMERSET and SAHARA. In addition to this obstacle to progress, SOMOZA had refused to allow CASTILLO Armas the the GROUP to place the clandestine radio(SHERWOOD) station on Nicaraguan soil. SANTA FE had been ruled out in the meantime as too great a security risk and LINCOLN had no direct relationship with either Honduras or El Salvador to enable it to arrange for this site in one of these countries. [

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PBSUCCESS DEVELOPMENTS

	APRIL				MAY				JUNE			
	Week 1	Week 2	Week 3	Week 4	Week 1	Week 2	Week 3	Week 4	Week 1	Week 2	Week 3	Week 4
<u>KUHOOK</u>												
Sabotage Teams	Move to Sites	Team Training & Planning and Preparations										
Partisan Forces	← Training Leaders →	← Training Leaders →	← Training Leaders →	Deploy to Sites	← Deploy to Sites →	← Organizing and Training →	← Organizing and Training →	← Organizing and Training →	← Organizing and Training →	← Organizing and Training →	← Organizing and Training →	← Organizing and Training →
Shock Teams	← Training Leaders →	← Training Leaders →	← Training Leaders →	Deploy to Sites	← Deploy to Sites →	← Preparing →	← Preparing →	← Preparing →	← Preparing →	← Preparing →	← Preparing →	← Preparing →
Special Squads	← Training Leaders →	← Training Leaders →	← Training Leaders →	Leaders on Site	← Leaders on Site →	← Preparing →	← Preparing →	← Preparing →	← Preparing →	← Preparing →	← Preparing →	← Preparing →
Agent Radio Ops	← Training Operators →	← Training Operators →	← Training Operators →									
<u>KUGOVN</u>												
Themes, General	← Conditioning →	← Conditioning →	← Conditioning →									
SHERWOOD	Locate & Set Up	← On the Air →	← On the Air →									
External Organs	← Emphasis on Distribution →	← Emphasis on Distribution →	← Emphasis on Distribution →									
Internal Organs	"	"	"									
Special Tactical	Political Philosophy	Political Philosophy	Political Philosophy	Soviet Sub Plot	Political Platform	Mexican Conference	Banners	White Flags	Currency Gimmick	Air Leaflets		
P/I	← O.B. - EEI's →	← O.B. - EEI's →	← O.B. - EEI's →									
K PROGRAM	← Increasing Coverage →	← Increasing Coverage →	← Increasing Coverage →									
AIR SUPPORT	← Field Survey →	← Field Survey →	← Field Survey →	Develop Contacts	← Develop Contacts →	← Final Commitments →	← Final Commitments →	← Final Commitments →	← Final Commitments →	← Final Commitments →	← Final Commitments →	← Final Commitments →
	← Black Flights to Honduras/Salvador Arms →	← Black Flights to Honduras/Salvador Arms →	← Black Flights to Honduras/Salvador Arms →									

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Although LINCOLN had recommended, as above, that further action be held in abeyance pending the return of [] to LINCOLN, Headquarters informed WILLAUER in strongest terms of its apprehension that he had exceeded the bounds of plausible denial and that the entire matter was to be reviewed at a high level meeting with the Department of State on 10 April. In another message from Headquarters, WILLAUER was directed by General SMITH to discontinue all further contact with local authorities with regard to PBSUCCESS and that serious question had been raised over the desirability of continuing the operation as previously planned.

On 10 April LINCOLN received a message from Headquarters (DIR 46048) which stated that the high level meeting at the Department of State would be with Assistant Secretary of State, Mr. Henry HOLLAND, at which time it was planned to brief him on the general concept of PBSUCCESS and, specifically, to take the following position:

- a) Reason for the Project was to accomplish planned result as directed by top level.
- b) State still primarily in charge of basic policy decision and, having approved our present at highest level, we propose to proceed as scheduled unless directed otherwise by State or unless operational considerations dictate modification of plan and timing.
- c) Regarding situation in Honduras, we believe no decision should be made before we obtain full knowledge of all facts which LINCOLN was obtaining from [] today.
- d) Believe that despite WILLAUER's exceeding authority, the situation may not prove irreparable operationally.
- e) Any substantial delay present plan by State would be serious and might mean any new effort thereafter would require starting from scratch or worse.
- f) Will advise soonest the outcome of meeting which we feel certain will not produce any final decisions.

On the night of 10 April [] arrived at LINCOLN and was thoroughly debriefed, giving specific attention to whether or not WILLAUER had exceeded his authority and thereby compromised PBSUCCESS. As a result of this debriefing LINCOLN recognized that many misinterpretations had been read into some of the field's messages and that WILLAUER had, in fact, maintained excellent security and that plausible denial remained intact. Inasmuch as the field had fully arranged for the first black flight to start on 11 April and that considerable importance had been attached to the successful compliance with this arrangement, LINCOLN authorized the flight to take place per authority in DIR-44842. A full and detailed explanation of LINCOLN's analysis of the situation was sent to Headquarters (LINC-1776) during the early morning hours of 11 April which also notified Headquarters of the trial black flight authorization.

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In LINCOLN's opinion, all objections held heretofore to the black flight were dispelled by the facts which were presented by [] facts which were later confirmed by WILLAUER. Further, in light of the Headquarters message cited above (DIR 46048) it appeared to be completely in keeping with the urgency of the situation for LINCOLN to support the arrangements made in the field by sending in the first aircraft as requested. However, early in the morning of 11 April a message was received from Headquarters (INFO: SROBA) (DIR 46069) stating "DO NOT UNDERTAKE MISSION DESCRIBED REF WITHOUT CABLED APPROVAL DIR/HQS." The cable referenced was LINCOLN's direction to FJHOPEFUL to proceed with the initial black flight to [] on 11 April 1954.

In view of LINCOLN's cable above (LINC-1776) having demonstrated the fallacy of the original objections to sending a black flight into Honduras, it was very difficult to understand why Headquarters would object to the trial run of this one aircraft. Therefore a telephone call was made to Colonel J. C. KING, CWH, by [] asking whether or not the DD/P had received LINC-1776; if so, then what was the objection to the proposed flight? KING advised that DD/P had not seen LINC-1776 but that, nevertheless, the flight should be cancelled as a result of the high level meeting of 10 April. [] inquired of Col. KING if a separate message to FJHOPEFUL was necessary to cancel the flight or whether the INFO copy would be sufficient. The answer was that the Headquarters message was adequate. [] then requested his Deputy to attempt to telephone one of the Case Officers in Tegucigalpa to tell him that the flight had been cancelled. This telephone call was not completed since the circuits are closed for certain hours on Sundays. In a later phone call from Headquarters, about two hours prior to take-off time for the first black flight, the explanation was given that certain commitments had been made to HOLLAND so that the flight would have to await his approval. Headquarters was requested to send an Operational Immediate cable to FJHOPEFUL or to phone there to make certain that the flight did not depart. Meanwhile a LINCOLN staff officer had telephoned FJHOPEFUL, calling attention to the fact that they had received only an INFO copy of the DIR 46069. Headquarters had tried since 1100 hrs. that day to telephone FJHOPEFUL to make certain the flight did not take off but the call was not completed until after the aircraft was airborne and beyond radio range.

[] The initial black flight proved successful and committed irrevocably to the operation thereafter. However, upon a strong recommendation by KING, CWH, to the DCI, [] was removed from the position of Chief of Project and Mr. C. Tracey BARNES was appointed to this position. Due to the extenuating circumstances involved in the foregoing countermanding of a Headquarters directive and at the request of the DCI, [] remained as Deputy and Chief of Operations, PBSUCCESS. A further change was made in the chain of command wherein the Chief of Project thereafter would be responsible directly to the DD/P.

4. Policy Review

Subsequent to the above difficulties in establishing black flight privileges in Honduras, the newly appointed Assistant Secretary of State, Mr. HOLLAND, had certain firm reservations on PBSUCCESS. He had obtained the approval of Secretary DULLES to review the operation

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thoroughly before expressing his views as to whether or not it should be permitted to continue. Consequently, almost a week was spent, prior to 17 April, by LINCOLN's senior staff working with Headquarters personnel preparing a position paper for review by HOLLAND. The actual review, however, was conducted by Assistant Secretary of State, General SMITH with participation by senior State officials concerned, including Ambassadors PEURIFOY and WILLAUER and by CIA. The center of HOLLAND's attention was on the [] incident described above. This impasse was finally resolved by SMITH who later announced concurrence with CIA's position paper and proposed operations.

5. Intelligence

Being aware of the enemy's intensive efforts to penetrate PBSUCCESS field operations, LINCOLN requested that over a period of several months a polygraph team be assigned to conduct field examinations of all key indigenous personnel. On 16 March a conference was held at LINCOLN with Headquarters Security Officers and a course of action was established for team to proceed to the field on 25 March for an examination of CASTILLO Armas and all his key personnel. A second trip was planned for 8 April for examination of all agent radio operators at SCRANTON. The two trips were made without incident and over thirty(30) personnel were examined, including CASTILLO Armas. Only two serious cases were uncovered and several undesirables. Both of the serious cases, [] and [] were subsequently isolated from the project and securely disposed for the duration of the operation. Insofar as the polygraph may be considered a reliable means of determining loyalty, it is believed that this exercise was very valuable and served to bolster confidence in the calibre of the personnel in key positions.

Intelligence production from Guatemala Station had remained so low during the entire period of PBSUCCESS that LINCOLN recommended the release of the Chief of Station and the appointment of [] as Chief of Station. LINCOLN also recommended that [] be called to LINCOLN for briefing. During the period following compliance with these requests, Guatemala Station showed an almost immediate increase in intelligence production and excellent response to all EET's requested by LINCOLN.

Considerable progress was made during this period in obtaining source identification and operational procedures employed heretofore by CASTILLO Armas and his followers. This information is in the process of being organized into more formal intelligence nets and the production of evaluated information appears to be immediately forthcoming. Generally, the source level is too low for anything except tactical intelligence which at this stage of developments assumes an important role. High level penetrations of the Communist Party are considered beyond the capabilities of PBSUCCESS at this time. However, high level penetration of government circles is within the expectation of the K Program as a by-product of defection.

SECANT and SEMANTIC, key intelligence P/As within Guatemala, were both exfiltrated back into Honduras at LINCOLN's request and were among those successfully examined by polygraph teams in the field. Debriefing of SECANT proved very valuable as numerous military personnel were identified by name and activity as covertly

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supporting the movement of CASTILLO Armas. SEMANTIC revealed numerous new sources and factual data on his operations which will be worked over in the next few weeks in order to provide a reliable civilian intelligence system to support contemplated operations.

A review of the alleged operations of ERRATIC led to the conclusion that he was either being used by the Communists wittingly or unwittingly and/or he was such a blind egotist that he imagined power and support far beyond the facts. LINCOLN's experience with the [] was completely unsatisfactory as it became very evident that he failed to remain objective and permitted himself to be influenced by ERRATIC and his American cut-outs to the point of being directly opposed to the operational plans of LINCOLN. When cable messages no longer became a medium of command direction, [] was ordered to LINCOLN for personal direct orientation. He was firmly rebuked for his failure to follow directions and severely cautioned over the danger of attempting to push LINCOLN into unrealistic or unwarranted action. [] was provided the benefits of LINCOLN's analysis of ERRATIC and oriented to the operational plans for the balance of PBSUCCESS which were specifically centered around CASTILLO Armas: for better or for worse, he was our candidate. Although [] appeared to understand and to be in full agreement with LINCOLN, shortly after his departure for San Salvador he resumed the same subjective approach. LINCOLN then requested his recall from PBSUCCESS for the duration of the project and this was subsequently accomplished.

6. Propaganda

The Case Officer for the clandestine radio program, Mr. David A. PHILLIPS, arrived at LINCOLN and, after being fully briefed on his task, was sent to the field to personally familiarize himself with Guatemala and, at the same time, to recruit additional indigenous personnel, including several females capable of handling a woman's hour on the program.

The recruiting efforts of LINCOLN in January and February resulted in the actual arrival of four(4) indigenous radio specialists and by 15 April, upon the return of PHILLIPS, the radio script writing staff became operational in a safehouse near LINCOLN.

LINCOLN prepared and received Headquarters approval to plan a submarine scare propaganda program which would result in the alleged sighting and photographing of a Soviet submarine off the coast of Nicaragua. This would be followed by the expose of a cache of Soviet arms(planting by PBSUCCESS) on the shore near the area where the sub was sighted. The purpose of this exercise was to highlight the danger

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of Soviet operations in Central America and by exposing some of the Soviet rifles being used by PBSUCCESS it would serve as a buffer and ready-made explanation as to the origin of these arms. At a later date, when arms started moving into the target area, it was contemplated that another expose of the same type of cache would be made inside Guatemala and used as evidence that the Soviet had been smuggling arms into the area. With this propaganda build-up it was anticipated that the Communists would be very reluctant to reveal or make very much out of the fact that CASTILLO Armas was being supplied Soviet arms. In fact, if they did make such a charge, PBSUCCESS would then counter-charge them with attempting to cover up their Soviet connections, pointing to the Nicaraguan submarine incident as proof and claiming that any Soviet rifles used by CASTILLO Armas' followers must be those which were recovered from Communist caches inside Guatemala. This operation was to be known as WASHTUB and was timed to take place the last week in April 1954, before many arms had been moved into Guatemala.

One of the most deficient aspects of the PBSUCCESS propaganda program was the absence of something to be FOR as opposed to the constant use of anti-Communist themes. This was recognized at the outset in PBSUCCESS and continuous study had been given to the matter. [] had prepared a political program in December 1953 but it was never adopted in its entirety. From an operational point of view, it was determined that a positive political program should not be revealed until the situation within the target country was right. This meant that the enemy's system and regime had to be thoroughly discredited and some basic organization of the opposition had to be in existence before exposing the tenets of the contesting forces. Whereas continual propaganda had been made over a long period of time using "God, Country, Liberty and Justice, etc." themes, these had not been interpreted in the form of a political philosophy nor were the basic grievances against Communism interpreted into answers of a better solution.

For purposes of planning and preparation, it was determined that a positive political philosophy should be ready for propagation by 15 April and two weeks later, or 1 May, a clearly defined political platform or program should be announced as the aims and intentions of the opposition once the ARBENZ regime had been overthrown. LINCOLN prepared drafts on the above after having obtained the views of [] and of Ambassador PEURIFOY. A previous request had been made for Headquarters to obtain the views of the Department of State [] These, however, were never received. The drafts of the proposed political philosophy were titled "The Cross and Quetzal", "For God and Country." Copies were sent to Headquarters for review and to CASTILLO Armas for his consideration. During the above period of discussion of the pros and cons of LINCOLN's proposed papers, CASTILLO Armas, acting unilaterally with his local advisers, drew up what he called "The Plan of Tegucigalpa." He had this published by his group in Mexico City in "Pronto." After reviewing this plan, LINCOLN noted that it contained basically all the essential requirements for a positive political program and therefore determined to adopt it for the project, urging only the deletion of the word "Tegucigalpa."

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A detailed operational plan for organization and conduct of a Latin American anti-Communist Congress in Mexico City had been submitted to Headquarters and [] Part of this plan was to send [] to Mexico City to establish initial contacts. This was done but only after considerable delay in getting him into Mexico and, once there, his health became very poor. Due to possible misunderstanding between LINCOLN and [] [] was not permitted to carry out his instructions and returned a very disheartened person. [] came to LINCOLN for a briefing on PBSUCCESS and on the importance of this Congress in the overall program.

A proposal was made to Headquarters that a black character assassination attempt be made on Colonel CRUZ Wer, Director, Guardia Civil, Guatemala. This was approved and plans prepared for implementation.

The PBSUCCESS controlled publications, "El Rebelde", "CEUAGE", and "El Combate" continued to improve in their context and to increase their circulation. LINCOLN provided a large number of prepared articles and editorials which were used, in addition to close guidance by Case Officers in the field. During the last week of this period the police were obstructing the publication of "El Rebelde", having seized and held the last two editions. At the request of LINCOLN, "CEUAGE" changed over from its student-type publication to an entirely military publication called "La Voz del Ejercito".

The ESSENCE propaganda group reported considerable and very encouraging development of cells throughout the entire country for carrying on anti-Communist propaganda, either with ESSENCE' support or independently. Reports received from travelling inspectors provide excellent psychological intelligence coverage of the rural areas.

7. Para-military

As a result of detailed debriefing of SECANT and SEMANTIC during and after the polygraph examinations, considerable information was obtained regarding individuals in each of the nine(9) target centers, both military and civilian. From this information it was possible to proceed with precise planning for each target. Both military and civilian leaders and alternates were selected for each target and estimated were reached as to the number of partisans that could be counted on to participate in direct action under the respective target leaders. From this data it was possible to work out the logistical plans for each area as to quantity and type of arms and the means of effecting deliveries. Thus, as of this date, the underground organization assumed form and substance and a basis for further assessment and organization.

The packaging team at FJHOPEFUL, engaged in preparing the different types of arms kits, accidentally sampled the emergency combat rations intended for the field forces and found that they were contaminated. Upon examination by local medical technician, they were declared unfit for human consumption and very likely poisonous. LINCOLN requested a full investigation to determine the responsibility for this situation and whether it was negligence or deliberate attempt to sabotage friendly elements during combat. Headquarters initiated

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an investigation and confirmed that the sausages contained a lethal bacteria. They were therefore condemned and disposed of at once. The responsibility appears to be that of the contractor and of the division at Headquarters that arranged for the procurement and had failed to test the condition of the rations upon delivery.

The KUHOOK staff was chiefly engaged during this period in planning and counter-planning due to the apparent loss of El Salvador as a base of operations and the extreme difficulties encountered in trying to obtain [] approval for black flights into Honduras. The elimination of El Salvador necessitated planning for all arms to be airlifted into Honduras and then reshuffled to meet the deliveries that were scheduled through El Salvador into specific target areas. The possibility of losing air rights in Honduras required the preparation of plans for acquisition of trucks to carry the arms from Nicaragua into Honduras and thence by mule, cargo bearers or other means into Guatemala. Should trucking also prove impossible due to lack of cooperation from [] then the last resort was to plan for air dropping of all arms from Nicaragua. The final approval of flights from [] and the successful completion of the initial flight enabled KUHOOK officers working with CASTILLO Armas to readjust their plans to allow for the arms to be stored first in [] from where they would later be moved in small increments as required for infiltration.

SARANAC: During this period there were almost one hundred (100) trainees at this camp. The first sabotage class was graduated. Inspection of the camp by the Chief, KUHOOK, revealed that morale was generally very high and that training standards were being maintained at a high level. The leader and organizer classes were in training and the candidates all seemed to be of fairly high calibre. Sample combat kits arrived at SARANAC and were being used for familiarization purposes.

SURANTON training was progressing rapidly and well under the circumstances. Trainees who failed to demonstrate aptitude for radio operators were being trained as cryptographers.

8. K Program (Defection)

The Case Officer, [], after devoting almost a month in preparatory studies at LINCOLN, completed his documentary preparations and planned to depart for Guatemala 15 April 1954 as a tourist under an alias. [] had been recruited to be his field assistant and interpreter and was also due to depart for Guatemala a few days later. The services of a former [] to Guatemala were obtained []. The latter had served several years in rather close association with most of the high ranking Army officers and was prepared to act as a primer for [] in establishing his defection program.

9. Air Operations

The Air Support Plan was implemented about 15 March 1954, with the transfer of two, sterile, C-47 aircraft to FUHOPEFUL and the cover movement of the CAT crews to [] via Havana. Aside from the difficulties described in the foreword section of this report

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pertaining to landing privileges in Honduras and Salvador no other problems were encountered in air operations. The Chief, Air Operations, [] made a personal survey of Nicaraguan airfields and facilities in preparation of a site for basing supply and possibly fighter aircraft at a later date. He was cordially greeted by [] under his alias (Robert STEWART). and later placed with [] in contact.

[] inspected the airstrip at Pto. Cabezas and reported to [] that it would do in an emergency but that it was not satisfactory for the type of air operations which were contemplated. []

The following black flights were conducted during this period:

26 March: Flt. 1, 5,000 lbs. commo gear for SHERWOOD
29 March: Flts 2A, 2B, 10,050 lbs. commo gear for SHERWOOD
3 April: Flt. 3, 3,750 lbs., commo gear for SHERWOOD
11 April: Flt. 4, 4,000 lbs., arms kits to []

B. Analysis

On three separate occasions during this thirty-day period PBSUCCESS hung in balance and serious doubt existed as to whether it should be continued. Aside from the time lost by the senior staff personnel, such critical moments of doubt had a telling effect on the morale of all concerned and unquestionably retarded the operational development of the project. In the "Interim Report, Stage Two", dated 15 February 1954, it was estimated that PBSUCCESS had been delayed from 30-40 days for administrative reasons. This latter delay, in addition to the delays of the current period, roughly constitute two months of unproductive effort during the course of PBSUCCESS since 15 December 1953.

Despite the policy delays during this period it is believed that sufficient progress had been obtained toward the objectives of Stage Two to warrant proceeding on 16 April to Stage Three. These objectives were as originally stated in the Program for PBSUCCESS:

a. Establish Project Headquarters in the field:

Fully accomplished.

b. Create dissension and defection within the target:

Although not achieved to the desired state, it is believed sufficient dissension and defection has been created for this period to warrant proceeding to next stage of operations.

c. Discredit target at home and abroad:

The continued pressing of propaganda themes against the ARBENZ Government internally is believed to have reached a sufficient degree of effectiveness to proceed to Stage Three. The effective action by the United States at the OAS Conference in Caracas is also believed to have discredited the target government abroad.

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- d. Demonstrate inability of target regime to represent best interests of the people:

This particular objective was not adequately covered during Stage Two and will have to await further attention in Stage Three.

- e. Create hope and encourage patience among non-Communists:

Considered satisfactorily achieved.

- f. Begin economic pressure:

Although no specific operation was directed at this objective it is believed that the intensification of the anti-Communist movement has resulted in an increasingly serious economic situation in Guatemala. This was borne out by the remarks of the Finance Minister who said that he had no confidence in the economic future of Guatemala. The sharp reduction of international business with the United States and the virtual elimination of tourist traffic has had its effect.

- g. Begin formation and training of a para-military force in exile and in the interior of the target:

It is believed that satisfactory progress has been made for this Stage as evidenced in foregoing report.

NOTE: The practice of reporting the operational plans and the progress on specific tasks at the end of each report will be discontinued with this report. Every effort has and will be made hereafter to report significant developments and contemplated operations within the body of the friendly report.

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REPORT

ON

STAGE THREE

PBSUCCESS

STAGE III
REPORT

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STAGE THREE

BUILD-UP PERIOD

I. Objectives:

- To create maximum antagonism to target regime, internally and externally.
- To fan passive will to resist.
- To commence formalizing defection efforts within the Armed Forces.
- To accentuate para-military preparations, internally and externally.
- To initiate passive sabotage activities.

II. Assessment:

A. Enemy Situation (16 April - 31 May 1954)

1. Political

The events during this period clearly reflected the vulnerability of the enemy and his desperate efforts to hold his regime together in the face of internal and external opposition. Although there were a number of significant developments, the most sensational incident was the arrival of the arms shipment on 15 May 1954. This shipment was a "Pearl Harbor" to the opposition and served to clarify the issue of Communist intentions. However, the events leading to this development and related thereto should also be recorded because, taken as a whole, they reveal the first indications of fear and uncertainty on the part of the enemy's leaders -- despite their brave talk and the exhortations of supporting Communist propaganda abroad.

The talk of impending invasion continued to be hammered out daily. PBSUCCESS propaganda efforts prior to 1 May reflected great sensitivity on the part of the enemy. The police seizure of "El Rebelde" resulted in warnings to ESSENCE that any further publication of this anti-Communist paper would be followed by quick arrests of all concerned. Thus this publication became suppressed. However, the publication and dissemination of leaflets continued on a lesser and more clandestine basis. The adoption of "32" as the symbol of opposition to the regime, although not a new symbol, became a matter of considerable distress to the enemy as the results of the ESSENCE teams in placarding the city with these numbers quickly spread throughout the entire country. Despite strenuous efforts to arrest everyone, young or old, caught in the act of placing this symbol, it soon became a popular practice. Arrests were therefore discontinued, as the police began to realize that the more they attempted to suppress the practice, the more people engaged in spreading the symbol.

Veiled threats of further suppression of free speech were soon followed by an armed attack on the radio station, "Radio Internacional", on the night of 22 April 1954, by a band of masked men. This

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station had been broadcasting "The Anti-Communist Hour" for a number of months and had received various threats in the past and only a short time before had been jammed by the police radio. Jose MONTEROS, station manager, and others present were severely beaten and all the radio equipment was completely smashed. There appeared to be no doubt that this was the work of Communists who had police protection, as the station was located near several government buildings which were normally guarded by the police except on the occasion of this assault.

The anti-Communist Latin American Congress held in Mexico City under the title "First Congress Against Soviet Intervention in Latin America," received very little publicity inside Guatemala, owing to the suppression of "El Rebelde" and other anti-Communist media. However, it had become known and people listening to short wave broadcasts from Mexico were well aware, as was the government, that the Guatemalan issue was being brought before all Latin America and that the charges of Communist/Soviet control of Guatemala were serious. Although undoubtedly sensitive to this Congress, the regime refrained from responding to the charges made, thus obviating any attendant publicity.

The black, character assassination of Colonel CRUZ Wer, described under "Friendly", proved temporarily effective and resulted in his suspension as Director, Guardia Civil, for a short period. Meanwhile the story was carried extensively in all independent publications.

Although the Soviet submarine plot (WASHTUB) received excellent press coverage all over Latin America and in Europe, the story in Guatemala was only reported as picked up from Managua with very little official comment. However, as in the case of the Mexican Congress, despite the government's restraint, there is little doubt this expose created considerable impression on the enemy and served its purpose very well.

On 30 April 1954, the government announced that henceforth all radio programs had to be recorded and approved by the Director of Information before being permitted to go on the air. This official measure marked the end of free speech on the radio and the beginning of complete suppression of all free speech in Guatemala.

2. May Day

Utilizing this significant occasion for addressing the working class of the nation, the Communists and ARBENZ prepared an all-out day of celebration, eulogizing the great progress made by the regime for the benefit of laborers, etc., and unleashing vitriolic attacks against the United States, the UFCO and imperialism in general. A large crowd was brought into the City and all labor organizations formed a parade with banners and many floats. The subjects of these exhibits were generally vulgar and crude; in some instances obscenity was displayed to dramatize the intense hatred of the Communists for the Yankee and specifically the UFCO.

The Master of Ceremonies was the Number Two Communist leader, Carlos Manuel PELLEDER. President ARBENZ and most of his cabinet were present on the speakers platform, with all the prominent Communist leaders. ARBENZ decried the foreign support for traitors of Guatemala and promised they would receive their punishment if they tried to invade the country. Most of his remarks were in recital of all the great things

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that had been accomplished under the regime. The Secretary General of the Guatemalan Communist-controlled CGTG, Victor Manuel GUTIERREZ, gave the main speech aside from ARBENZ. He claimed the ballots at Caracas had been manipulated by the Yankees who wanted to use the intervention resolution as a means of attacking Guatemala. The people were urged to get ready to make a most energetic fight against this danger. The State Department's bill for 16 million dollars for UFCO was a windfall and was fully exploited by GUTIERREZ. U. S. military aid to Nicaragua was denounced as an open threat to use that country as a springboard against Guatemala. GUTIERREZ further claimed that Guatemala had unmasked the intervention and revolutionary plans of John Foster DULLES and the UFCO.

Although various references were made to the Soviet by different speakers, Mario CASTILLO Flores, labor leader, gave the salute to the Soviet Union, Peoples Government of China and all countries of popular democracy. Colonel Carlos E. DIAZ, although at the time in South America, sent a special cable to CGTG which was read aloud, giving greetings on this occasion.

In the afternoon and evening of May Day, the "Voice of Liberation" (SHERWOOD) made its initial appearance on the air as a clandestine, anti-Communist radio station.

3. S.S. ALFHEM, Arms Shipment

The reaction of the government to the initial announcement by the Department of State on the arrival of a large shipment of arms from behind the Iron Curtain, was slow and obviously poorly prepared. The Foreign Minister, TORIELLO, first denied knowledge of any shipment and later equivocated to the extent that if any had been received it was the government's privilege and right to buy in any market it desired. In a later public release TORIELLO admitted arms had been brought in by the S.S. ALFHEM but stated that the government would not make public the details of the shipment or the purchase negotiations.

An international furor was created over the shipment. Moscow radio set the pace and themes for world Communist Party organs to follow and considerable propaganda resulted. Behind the din of Communist propaganda, anti-Communist leaders became aware of the real seriousness of the threat existing in Guatemala, and recognized this incident as proof of the charge of a "Soviet beachhead" in Central America.

4. International Relations

HONDURAS

In early May, strikes were called by the UFCO labor leaders in Honduras, which by 8 May 1954 reached serious proportions, greatly affecting both the economy of the country and the stability of the government. Although specific evidence of Communist instigation was not too prevalent, nevertheless it was generally believed, particularly by President GALVEZ, that the strikes had been staged at this time to disrupt the country and possibly overthrow the regime which had been and was still providing a base of operations for CASTILLO Armas' invasion of Guatemala.

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[] coincided with a radio news comment from Mexico to the effect that GALVEZ was going to resign, turning the government over to the Minister of National Defense. As the latter was a well-known Guatemalan supporter, it appeared that a Communist coup was about to be pulled in Tegucigalpa. This report proved to be completely false but served to highlight the danger present at that time.

The strikes spread until many thousands of workmen were milling about in large but orderly bands. Communist propaganda had been identified and an incident was created by a Guatemala military aircraft landing in the strike area without proper clearance. Communist front labor organizations in other Latin American countries gave their pledges of support to the strikers. However, the Guatemalan labor and political front groups excelled all the others in encouraging the strikers and pledging solidarity. The loosely controlled border area with Guatemala permitted many persons to enter Honduras illegally, thus there was considerable concern over how many, if any, Communist agents were being sent in to aid the strikers. Rumors were prevalent that arms were soon to arrive for the strikers and that the Guatemalan Army was moving its troops into the border area allegedly for defensive purposes.

During the above period the Honduran Government declared three Guatemalan Consuls "persona non grata" and ordered them to leave the country on the charge of using their official status to disseminate Communist propaganda. On 26 May 1954 the Honduran Ambassador to Guatemala, Jacinto Octavio DURON, was urgently recalled to Tegucigalpa for consultation, and it was permitted to be known that he would not return to Guatemala.

In the midst of the above strained relations, the Guatemalan Ambassador to Honduras approached the Honduran Foreign Minister with the proposal that the two countries sign a "Mutual Friendship and Non-Aggression Pact." Despite the cool reception he received from the Hondurans, the matter was pursued energetically by the Guatemalan Foreign Office which gave the subject considerable publicity. The Hondurans delayed discussions and never provided a flat denial or acceptance but permitted the Guatemalans to know that they were unwilling to proceed with such a pact under prevailing conditions and even refused to permit their Ambassador to return to Guatemala.

NICARAGUA

On 20 May 1954, the Nicaraguan Government broke diplomatic relations with the Guatemalan Government, charging that the latter had used its diplomatic privileges to import Communist propaganda into Nicaragua. Although President SOMOZA had reason to believe the Guatemalans were deeply involved in the abortive assassination attempt on his life in April, he refrained from making such charges at this time. The four Nicaraguans who had sought asylum in the Guatemalan Embassy in Managua, after the attempt on SOMOZA's life, became an issue as they were refused safe conduct exit permission. This was resolved by transferring them to the Salvadoran Embassy. The Guatemalan Ambassador, Colonel Gabino SANTIZO, and his staff departed from Managua on 25 May 1954.

On 26 May 1954 President SOMOZA released a statement that he was studying the practicability of requesting an OAS conference

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on the grounds that an international Communist movement was underway to disturb the peace in Central America. His basic grounds were:

- a) The plot against his life which was Communist-inspired and instigated;
- b) The discovery of a Soviet arms cache on Nicaraguan soil;
- c) The Communist-inspired strike in Honduras and its relationship to forthcoming presidential elections;
- d) The arms shipment, S.S. ALFHEM, and its threat to peace.

HAITI

The Guatemalan Ambassador to Haiti was declared "persona non grata" on 26 May 1954, allegedly for personal and not official reasons.

DOMINICAN REPUBLIC

About a week after the "Voice of Liberation" came on the air, Station HL2T, Ciudad Trujillo, started broadcasting to the people of Guatemala to oppose Communism and prepare to fight for their liberation. This voluntary contribution in the battle of the air waves proved both helpful and forceful throughout the campaign; Station HL2T frequently quoted and always supported the "Voice of Liberation."

EL SALVADOR

On 21 April 1954 it was reported that President ARBENZ had held a secret meeting with President OSORIO, in which they agreed to a mutual pact of non-interference. Whereas this may have served to explain the difficulties encountered by PBSUCCESS in trying to elicit [] cooperation, later, about 19 May, when the arms shipment became a matter of serious concern, a report was received that OSORIO wanted MDAP completed soonest and would agree to support CASTILLO. In view of the almost impassive position assumed by the Department of State in Salvador, it will never be known whether [] would have cooperated or not although there were many indications he would have sided with the anti-Communists once assured of the validity of their support.

MEXICO

Although General CARDENAS was permitted to speak freely of his support for ARBENZ, the Mexican Government permitted the anti-Communist Congress to function freely and blast ARBENZ thoroughly. The Mexican Government's movement of certain troops into the border area of Guatemala was considered simply precautionary, however security controls in Tapachula and other border towns were tightened considerably on all traffic going both ways. Thus, Mexico appeared to be assuming a completely neutral position, probably being slightly sensitive for supporting the Guatemalan Government at Caracas, only to learn that it really was a Communist setup.

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5. Propaganda

The May Day propaganda excess was so crudely of a Communist nature that it is unlikely anyone not already in the Communist fold would have been influenced by the effort. The extent of Communist influence in the ARBENZ government appeared to have been highlighted by this performance.

The initiation of the clandestine radio on May Day and the almost daily broadcasts thereafter served to create an exceptionally antagonistic reaction from the Communists and the Government, while at the same time it was received enthusiastically by the anti-Communists. The reception in general was excellent and the government authorities were very diligent but completely unsuccessful in their efforts to locate the transmitting site.

On 26 May 1954 a black leaflet airdrop was made over Guatemala City at 1830 hours. The performance of the crew was superb and the results were far in excess of those anticipated. Unquestionably a large percentage of all leaflets dropped were picked up and read almost at once. The government's reaction was first one of being stunned by the audacity of the maneuver and then counteraction. All aircraft were grounded and investigated before being permitted to resume normal flights. The air space over government buildings was declared restricted and all aircraft were warned they would be fired upon if they violated these restrictions. Some reports indicated that the government officials were practically in a panic over the incident.

In what was believed to be a propaganda move to tone down the Communist angle, Jose Manuel FORTUNY, Secretary General of the PGT, Guatemalan Communist Party, was said to have been relieved temporarily from his position. This actually occurred on 29 May, but for all practical purposes he was still very much on the scene.

During the last week in May, reports were received to the effect that the Guatemalan Government was preparing a WASHTUB operation in reverse. American arms and ammo were being collected and brought to Bananera where it was to be crated with UFCO markings and buried. The operation was being worked out in detail as to preparing false supporting affidavits from persons whose testimony would reveal the origin and purpose of the arms cache, thus placing the blame on UFCO. The whole operation apparently was to follow the WASHTUB deal right to the detail of calling in the diplomatic corps to witness the revealing of the cache. With this advance knowledge, however, PBSUCCESS contemplates exposing the plan prematurely.

6. Military and Para-Military

The unloading of the S.S. ALFHEM was handled personally by the Minister of National Defense, Colonel SANCHEZ. Troops were sent in immediately by air and train to augment the local garrison in Puerto Barrios. In all, it was estimated that a full Guatemalan battalion had been sent in to guard the pier, waterfront, rail yards and all trains back to Guatemala City. One report was received that the Minister of National Defense did not know about the arrival of the vessel until it was berthed in Puerto Barrios. This appears to account for the last-minute airlifting of extra troops in the area.

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About 2,000 tons of small arms, automatic weapons, light artillery pieces, mines and ammunition were contained in the shipment, or enough weapons to arm 56,000 men. Although all the facts on this shipment are not assembled thus far, it is believed most of the equipment was stored in the following places in Guatemala City: Matamoros, Aceituna, Guardia de Honor Garrison, Base Militar and the Roosevelt Hospital.

Every effort was made during this period to ascertain the sentiments and/or loyalties of the officer corps now that it was perfectly clear that they had to choose between the Western World and the Soviet or Communist camp. Early in May reports had been received that an unknown number of officers had been arrested at Campo de Marte. Signs of defection, anti-Communism and divided loyalties continued to be received during this period. The arrival of the arms failed to produce immediate positive reactions among the officers. Some were pleased at the prospect of having enough arms and ammunition after being without for so long. Others were unhappy over the prospect of European or possibly Soviet Military Missions coming to Guatemala. Very few officers seemed to realize the significance of this incident and appreciate the danger of becoming the Korea of Latin America. A few high ranking officers did understand that they had arrived at a crossroad and were displeased at the choices which were left to them.

Owing to the nature of the arms being particularly well suited in general for guerrilla warfare or revolutionary purposes, considerable anxiety was felt at the time that those arms were intended primarily for the Communist partisans; rumors were received that several carloads were placed on a siding to be shipped overland to the strikers in Honduras.

7. Intelligence (Police Action)

The enemy's counter-intelligence efforts were apparently augmented heavily during this period as frequent reports were received of large numbers of Communist Party members being hired as secret, plainclothes agents of the Guardia Civil to investigate subversive activities. These agents were particularly apparent in Puerto Barrios during the unloading of the S.S. ALFHEN where it was reported over one hundred had been sent from Guatemala City.

In early April the Guardia Civil seized the entire issue of "El Rebelde". During the first wave of the "32" campaign and on 21 April, ESSENCE learned that the police (Guardia Civil) were looking for him and he had to go into hiding for several days. Through his contacts in Guardia Civil headquarters, ESSENCE was told that a round-up of all opposition leaders was being planned for the first two weeks in May 1954.

Aside from the arrests of the Army officers reported above, no other anti-Communist arrests were reported until 29 May, at which time the police surrounded SEMANTIC's home in an effort to arrest him. By means of ruses and house-top flight, SEMANTIC managed to escape capture and sought asylum in the Ecuadorian Embassy. The house he was living in, his mother's, was ransacked and many notes, records and plans were captured. ESCOBILLA's house was also searched at the same time, and he managed to escape by going into hiding.

SECANT and ESSENCE as well as other JUNTA personnel all went into hiding. At the end of this period it became evident that

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the long-awaited crackdown had commenced against all known opposition.

8. Analysis:

This eventful period between 16 April and 31 May 1954, marked the beginning of serious suppression of the opposition by curtailing civil liberties and wholesale arrests, the acquisition of a huge arms shipment and other factors which normally should have served to strengthen the enemy. However, these gains were offset by the aggressiveness of friendly psychological warfare to such a large extent that confusion, uncertainty and anxiety seemed prevalent in government circles by the end of the period.

The clandestine radio shook the Communists almost immediately and continued daily to harass them and worry them. The Pastoral Letter publication made it clear to the Communists that the Church posed a serious threat to their future in this predominantly Catholic country. The black leaflet airdrop stunned the government in the face of the criticisms on the arms shipment, as it must have been apparent that the opposition remained determined. All of these factors adverse to the enemy, plus his own apprehension over the loyalty of his troops, certainly left him little to be confident about at the end of the period.

B. Friendly Situation (16 April - 31 May 1954)

1. Propaganda

a) SHERWOOD, Clandestine Radio (The Voice of Liberation).

After several months of preparation of a script-writing studio near LINCOLN and a transmitting station [Nicaragua, the clandestine radio program was ready to go on the air with a special broadcast for May Day. As this day in Guatemala is a workman's holiday, all radio stations except the government's, TGW, were off the air. In order to ensure a listening audience for The Voice of Liberation, faked telegrams were sent from a notional broadcasting company in Mexico City, addressed to the leading newspapers in Guatemala City including the Communist and official newspaper, stating a special broadcast for Guatemalans would be given at certain specified hours and frequency, with prominent Mexican artists. The papers were requested to place the notice in large advertisements and were told that the broadcasting company's representative would be there in a short time to pay the bills. With this advance publicity, the Voice of Liberation made its official debut.

During the month of May the program created considerable interest and attracted thousands of listeners. As it made frequent reference to being in the hills of Guatemala, government authorities never really knew the location of the transmitter and made many fruitless searches throughout the country. The timing of the debut was excellent although coincidental as it followed within forty-eight hours of the government's decree establishing censorship of all radio broadcasts. This point was stressed heavily in the program as the reason why it was necessary to have a clandestine radio. Also, mention was made of the assault upon "Radio Internacional" in April.

The program content was kept fairly current by means of the daily newspapers which were received at LINCOLN within 18 hours of

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publication. Also FBIS transcriptions proved very helpful from the timely angle. This was augmented by recordings at LINCOLN of local Guatemalan radio programs. All themes employed during May were consistent with the objectives of this period. Numerous attacks were made on Communist officials and ARBENZ as well as on the government in general. The Soviet angle of the May Day speeches was cited as proof of the extent of Communist control. The arrival of the S.S. ALFHEN enabled LINCOLN to hit hard at the theme that this shipment, paid for by the Kremlin and delivered from its stocks, was for the purpose of creating a Soviet satellite in Guatemala. The Army was warned repeatedly that the arms were not for them but for the new Communist People's Army which ARBENZ was developing to replace the Army.

The above and numerous other themes were carried this first month in addition to talks on the nature of Communism and how to combat it. The "32" symbol campaign was supported strongly by this program and the air leaflet drop was tied in, in order to provide the impression that the radio program was part of a vast, well-organized movement to overthrow the Communists. Considerable notional material was used from time to time to give the impression of a well-organized underground primarily within the ranks of the Army or government offices.

The first month of SHERWOOD was marked by exceptionally high audience interest and response, thus it may be considered as very successful.

b) SUMMIT, "First Congress Against Soviet Intervention in Latin America"

Recognizing the propaganda machine of the Communists, with its local organs in every country of Latin America, capable of playing the same theme thereby providing an impression of popular response and solidarity throughout the Hemisphere, it was the objective of PBSUCCESS to attempt the creation of a similar counterpart among the anti-Communists. The existence of such an extensive external medium would enable PBSUCCESS to rally popular support for the anti-Communist struggle in Guatemala without showing the American hand. The long range advantages of such an organization were obvious and important, thus justifying the expense and effort of trying to organize it in time for the benefit of PBSUCCESS.

In January and February 1954, there was certain doubt as to the success of the American Delegation at the forthcoming OAS Conference in Caracas. In the event of failure, it was considered a matter of some importance to be able to follow up the OAS Conference with what would appear to be a popular reaction of anti-Communists in Latin America to demonstrate their opposition to Communist intervention, even though the statesmen failed to recognize it in Caracas. Thus in a sense it was conceived as a buffer against failure at the OAS Conference. Should the Department of State be successful at Caracas, then the rapid formation of a popular, independent anti-Communist Congress in Mexico City would be very desirable on the basis of backstopping the OAS and providing a medium for spreading propaganda directly against Communism in Guatemala. A third proposition was considered along the lines that such a Congress and subsequent committee action in each Latin American country would provide the basis for gaining the support of those countries. A final proposition was to employ this means of uniting the various factions of anti-Communist exile groups.

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noted that [] upon examination of [] LINCOLN [] had personal ambitions to form a Latin American Anti-Communist Congress in 1953 but was unable to obtain support for his plans. [] had boldly announced such plans several times in the press and most recently on 4 February 1954. However, without strong support, his efforts failed to materialize. This advance publicity was of value to PBSUCCESS as it served to give the impression of a genuine local undertaking. With this as a basis, LINCOLN obtained Headquarters approval to proceed with the development of a plan to serve as a blue-print for this operation which admittedly was a major undertaking for such a short period of time.

Although the operation was designed to serve PBSUCCESS, it had such a distinctive permanent value that the WH Division assumed responsibility for its implementation through [] LINCOLN participated closely and provided assistance throughout the operation. Candidates were selected and dispatched to tour all Latin American countries to publicize the Congress and line up delegates. It was LINCOLN's desire that as many prominent anti-Communist persons as possible be invited in order to add stature and dignity to the Congress. Unfortunately, for various reasons, this did not occur although a few fairly high ranking persons did attend, thus precluding the impression of a low level meeting of insignificant personalities.

The Guatemalan part of the Congress was handled by LINCOLN. Although CASTILLO Armas almost insisted on a disproportionately large Guatemalan Delegation of both persons from within the country and exiles, LINCOLN made certain this delegation was kept to a reasonable size. Luis CORONADO Lira was nominated to present the Guatemalan case against Communism []

The Congress convened on 27 May and ended 30 May. Although only fourteen (14) countries sent delegations, these were sufficient to provide a definite Latin American character to the Congress. The anti-Soviet intervention theme became more an anti-Communist matter on a country-by-country basis. The issue which was most effectively presented and documented was that of the Communist danger in Guatemala; a resolution was unanimously passed condemning the ARBENZ government and a cable was sent by the Congress to the OAS requesting that it judge the case of Guatemala. Before adjourning, the Congress elected a permanent commission and selected Rio de Janeiro, Brazil, as the site of the next meeting.

From PBSUCCESS point of view, considering the limited time available for preparation and the fact that only one KUGOWN officer was handling the work, Boyd I. ROLENDER, who was later aided by Joel E. NEBECKER, this operation was highly successful and a definite contribution to the Project. This valuation is based on the fact that this Congress was the first of its kind in Latin America and that the implementation of the plan submitted 22 February was executed by 27 May 1954. If properly supported hereafter this operation should be an increasingly more valuable KUGOWN apparatus for years to come.

c) PASTORAL LETTER

In March 1954 [] was requested to arrange a meeting while in Mexico City with his contact from Guatemala who handled his relations with Archbishop ROSELL y ARELLANO for the

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[on 4 April 1954 the Archbishop delivered a strong sermon calling a national crusade against Communism. C

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The Archbishop's "Pastoral Letter", as it later became known, was a forceful message calling on all Roman Catholics to conduct a national crusade against Communism in Guatemala. He assured them that Communism could be removed from their soil if they countered it with "all means authorized by their conditions as free men and as Sons of God." He charged that a "rabble of international adventurers trained in Communist tactics" had been given facilities for attacking the security of the nation and the soul of the people, etc.

The significance of the Archbishop's call for a crusade against Communist activity was that it primarily provided the moral sanction for anti-Communist activity in Guatemala which is predominantly Roman Catholic. PBSUCCESS and WH Division immediately proceeded to exploit this powerful psychological message in Guatemala and throughout the Hemisphere. The religious keynote had been an integral part of all anti-Communist propaganda as the creed used most frequently was "For God, Country, etc." Thus, this Pastoral Letter provided substance and strength to the anti-Communist cause. In the SHERWOOD clandestine radio broadcasts, the Pastoral Letter was often repeated and interpreted, as well as in all the press media of PBSUCCESS. Throughout this period the religious theme was one of the most frequently used subjects and, possibly to the credit of the Archbishop, it was the theme which received the greatest response, although this cannot be judged accurately at this time.

d) "32" CAMPAIGN, The Symbol of Resistance.

In every resistance movement a symbol is adopted to represent the reason or the objective of the resistance. Such a symbol was sought by LINCOLN for PBSUCCESS. After considering many creative symbols it was determined that "32" would be the most suitable as it represented the constitutional article which forbade "the formation and the functioning of political organizations of an international or foreign nature," thus applying to Communism. This symbol had the prerequisites of simplicity and ease of reproduction. It was not altogether a new idea as it appeared on the banners in the popular demonstration against the new Electoral Law, 16 March 1947, which demonstration had been broken up by crude government force. It was used again in 1951, when the anti-Communists collected 80,000 signatures on a petition asking for an interpretation of the constitution and legal prohibition of Communism. Thousands of persons collected before the National Palace to support this petition only to be driven away at machine gun point by the Army and the Guardia Civil.

An important ingredient in a resistance movement to build up its popularity is to provide something for the people to do; some act that anyone could perform aids materially in developing adherents to the movement. With this in mind and in the interest of estab-

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lishing the "32" as a popular symbol of resistance to Communism, a program was outlined to the field and instructions provided for about two weeks or more of placing this symbol throughout the country in a conspicuous manner without providing any explanation whatever as to its significance. The purpose here was to create curiosity through suspense before following up with explanations. Despite the previous use of "32" it was believed that many people would not recognize its full significance in this instance.

The above silent campaign was initiated by the ESSENCE Group and all controlled publications about the second week in April. ESSENCE organized teams and sent them into all the provinces to contact the local cells or groups to start marking walls, buildings, bridges, etc. Inside Guatemala City several teams consisting mostly of university students, during the course of three night operations, covered the city with large and small "32's". Chalk, paint and crayons were used according to the object. By the second and third night the police increased their vigilance and were busy trying to eradicate the symbols as fast as they appeared. Several students were arrested during this period.

The press picked up the story almost at once and gave the campaign considerable publicity. In the provinces from San Jose to Puerto Barrios to Copan to Quezaltenango and points in between, anti-Communists took up the campaign and were marking bridges, telephone poles, signboards, private and public buildings, in general, successfully placing the symbol so that one could scarcely travel anywhere in Guatemala without seeing it. However, the police outside the Capital City acted more promptly and rigorously, arresting all persons caught in the act. Although originally the work was entirely done by organized anti-Communist elements, it was a very short time before it became a spontaneous matter with people placing "32" on their own homes and school boys painting it on their hats or jackets.

It was planned to follow up the silent campaign with various articles in "El Rebelde", explaining the significance of the symbol. The text was prepared carrying the theme that the "32" was for the Constitution, the Constitution was the nation, the nation was the people, and that unless this article of the Constitution was upheld, the people would fight. However, the articles were never printed due to the suppression of "El Rebelde", and were carried on the Voice of Liberation broadcast. The campaign proved very successful and resulted in a popular cause by anti-Communists throughout the country.

e) SOVIET SUBMARINE PLOT, WASHTUB
(See page 12, Final Report, Stage Two)

In February 1954, apropos of the report that Major Alfonso MARTINEZ Estevez, Director of DAN, had gone to Czechoslovakia to purchase arms for Guatemala, [] planted an article in "La Prensa" alleging that the arms were to be delivered by Soviet submarines. This article re-appeared in the Miami Herald newspaper and gave rise to the possibility of providing substance to this allegation. The value of such a propaganda incident would be twofold: To provide a cover story for counter-acting any charges that CASTILLO Armas was using Soviet rifles, which was the case; and to produce alarm over the danger of Soviet aggression in Central America.

In furtherance of the above a comprehensive plan of operation was prepared and forwarded to each Station concerned. Although

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[] added a few local twists to the story, in the main the actual implementation of the plot followed very closely to LINCOLN's directive.

The following is a summation of what actually occurred:

(1) [] had stories planted in the local press about 1 April that unidentified submarines had been sighted off their respective coastlines. [] after a re-play of the above stories, obtained a statement from the 15th Naval District that no American submarines were in those waters at this particular time.

(2) [] a report from the Guardia Nacional of Nicaragua, which had been searching the coastal area for revolutionaries in connection with the recent political disturbances in Nicaragua; and that on 5 April 1954, two coastal residents had seen a periscope near a deep harbor known as Los Gigantes. The names were provided of the fishermen who also reported they had seen two periscopes two weeks previously in the same area. [] Guardia Nacional with cameras and increased the vigilance of this area.

(3) Appropos of the above release, LINCOLN provided [] with a photograph montage of a Soviet submarine at sea as if taken from off-shore. (The shore actually was [] the submarine photo was obtained from [] With this photograph retaken through a small cheap box camera, an appropriate story was prepared explaining how the coastal patrol had sighted a submarine and photographed it in the above-mentioned area. On 28 April 1954 this story, with certain flourishes [] was published with the photograph of the submarine across the front page of the Managua official newspaper.

(4) The next step was carried out very quietly. A special arms cache was prepared by KUHOOK personnel from PBSUCCESS stocks in Nicaragua and turned over to [] for burial. When the story with the photograph of the submarine was released, SOMOZA stated he had ordered a close investigation of the entire area where this submarine had been sighted. Shortly after the secret burial of this arms cache, [] arranged to have it discovered, 5 May 1954, by workmen and brought to Managua.

(5) On 7 May 1954, SOMOZA called a press conference of the entire press and diplomatic corps. With dignity and seriousness SOMOZA displayed the arms cache to all present, explaining the chain of events which led to its discovery. The cache contained 40 Soviet rifles, 4 Soviet pistols, 2 Czech machine guns and 20 German hand grenades plus ammunition and a small quantity of Guatemalan cigarettes and candy wrappers. Everyone present appeared completely convinced including the American Ambassador who had not been cut in as of that time. The U. S. Army Attache identified the origin of the weapons. The French Minister who had served in Greece pointed out how the cache completely fitted the pattern of those in Greece. The British Ambassador was able to read the Russian markings and said he was going to send a cable to his government advising of the gravity of the situation. The final show of the arms under such formal and dignified conditions by SOMOZA, together with the careful build-up of events, served to make this otherwise fantastic tale

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entirely palatable to most observers and reporters. Considerable publicity followed this event and the story is believed to have appeared throughout Latin America, the United States and Europe. Thus, the WASHTUB operation was judged completely successful and no security leaks or serious questioning have developed to date.

f) BLACK, CHARACTER ASSINATION, Colonel Rogelio CRUZ Wer

Although numerous false charges were leveled at various Guatemalan officials to sow discord and create divisionary activities, it was believed that a concentrated effort on one worthwhile target might have a more desirable effect. Colonel Rogelio CRUZ Wer, a vicious, cruel person, who ruled the Guardia Civil with a firm hand, was selected as the target as he was highly trusted by ARBENZ and had been overly zealous in his repression of anti-Communists. In the prevailing atmosphere of mutual distrust and among less sophisticated people like Guatemalans it was believed the following plan of operation would help break up the ARBENZ clique, divide et impera and serve to disturb the Army's placid attitude toward Communism.

KURIOT was requested to provide photostatic copies of an authentic membership card of the PGT, Guatemalan Communist Party, for the Pavel KORCHAGUIN Cell: one open-faced, one half-closed, in order to show the cover and the title. LINCOLN provided biographical data for the card.

Using available factual data and fabricating other information, LINCOLN prepared news stories of CRUZ Wer's personal life bringing in innuendos and flat statements of a derogatory nature. The stories stressed his opportunism coming from personal maladjustment and ambition which led him to accept Communism as a profitable personal venture. From this point the stories told of his maneuvering with Jaime DIAZ Rozzotto, Secretary General of RN and a well-known fellow traveler, to combine the latter's political support with his own control over the Guardia Civil, to join the Communists in order to seize the government from ARBENZ before the latter sold out to the reactionaries. The Communists were said to be capable of organizing a formidable partisan force and it was claimed this combination would be superior to the Army which was allegedly already divided.

The above news stories in various shadings, together with the photostats, were sent to [] The Guatemalan Station was cautioned against using the stories except in a rumor campaign abetted by the photostatic membership cards, of which 45 had been sent for this purpose. The news stories began to appear in the three countries during the first week in April 1954.

Meanwhile after ascertaining which [] LINCOLN prepared notional cables for [] for filing in commercial cable offices on successive days between 11 and 25 April 1954. The cables were all directed to CRUZ Wer at his office and were signed by a Juan GOMEZ Alarcon, who allegedly was reporting on preparations for the shipment of arms quite obviously not intended for the Army. It was known that the Guardia Civil and the Army shared common communications channels, thus insuring that the cables would come to the attention of the Army.

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During the above cable operation, ESSENCE was busily distributing clandestinely the 45 photostatic carnets showing CRUZ Wer's membership in the Communist Party. These carnets were distributed to Army officers, influential businessmen, newspapermen, politicians and clergymen.

The three currents: the news stories abroad, the rumors and carnets in circulation, and the cable fabrications, created considerable impact on the government and the local press in Guatemala City. The story broke on the front pages of most of the independent newspapers with each one treating it differently but not completely denying the plausibility of truth being somewhere in the case against CRUZ Wer. Inside the National Palace the operation is believed to have had some success. Although ARBENZ stated publicly on 24 April 1954 that he did not believe the stories, CHARNAUD MacDonald, Minister of Interior, asked for CRUZ Wer's resignation. CRUZ Wer had absented himself from his office but refused to resign until Colonel Carlos Enrique DIAZ, Chief of Armed Forces, returned from South America, as CRUZ Wer claimed this was a maneuver to take advantage of DIAZ's absence. DIAZ and CRUZ were known to be very close and a mutual assistance pact existed between them.

CRUZ Wer was furious that Major Jaime ROSENBERG had not been so maligned when it was known that his connection with the PGT was so obvious. ESSENCE was then instructed to sow further discord by telling CRUZ Wer in an anonymous letter that the plot had been instigated by the Communists and ROSENBERG in order to place the latter in charge of the Guardia Civil. Although CRUZ Wer was only temporarily relieved of his official duties, the operation was comparatively successful as it served a very useful purpose in creating dissention and discord among the Guatemalan hierarchy. ARBENZ was quoted at this time as being distressed over the growing discord and division of loyalties among his officers. Had Colonel DIAZ been present in Guatemala at the time of the above crisis, it is entirely possible a more serious situation would have resulted involving conflict between DIAZ and the Army.

g) BLACK LEAFLET AIRDROP, Guatemala City

During the unloading of the S.S. ALFHEM, an unsuccessful attempt was made to sabotage the rail line from Puerto Barrios, and a general feeling of despair appeared to be developing among the anti-Communists which required some positive action to offset. During this period the Government was ignoring the "Voice of Liberation" and there was some evidence of lessening interest on the part of the opposition who were beginning to believe the Liberation Movement consisted only of words. The K-Program under [] had made good progress with [] but even the latter demanded evidence of ability on the part of CASTILLO Armas' forces before he would undertake a palace coup.

Under the circumstances described above and the pressing need to drive home the true meaning of the arms shipment to the Army, it was determined that a black flight would be made over Guatemala City to drop a special leaflet which was considered particularly timely for this purpose. The leaflet consisted of a background showing the main gate to Guardia de Honor garrison, with a scroll on each side. The scroll on the right read: "Fight for! God, Country, Liberty, Work, Truth and Justice." On the left scroll were the words: "Fight against! Communist Atheism, Communist Intervention, Communist Oppression, Communist Poverty, Communist Lies and Communist Police." At the bottom were the words: "Fight with brother patriots! Fight with CASTILLO Armas."

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As noted by the enemy's reaction reported heretofore in this report, the airdrop staged on 26 May 1954 was highly successful and a very worthwhile undertaking.

1) TACTICAL PSY-WAR TEAMS

As a matter of preparing for Stage Five operations, the KUGOWN Case Officers in Tegucigalpa and Guatemala City were instructed to prepare their existing KUGOWN personnel assets into teams capable of operating completely black if necessary during a period of disturbance. All ESSENCE personnel were to prepare to go into strictly clandestine type operations, setting up secret headquarters and safe houses for this purpose. Mimeograph machines, paper and inks were to be stored in the safe houses. An emergency communications system was to be developed and all teams would have code names in order to receive their instructions by the clandestine radio. In Tegucigalpa the Case Officers were requested to form teams of five men to be capable of fulfilling psy-war missions while accompanying the shock teams into action.

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Prior to the arrests of 29 May, ESSENCE had made very good progress and reported that about 164 cells or teams had been organized throughout the country and that mimeograph machines were being purchased and stored. A secret, reserve headquarters had been selected and was in the process of being stocked with necessary supplies. HEGARTY reported only three, possibly five teams would be formed and that progress was being made toward their integration into the CASTILLO Armas forces.

2. Intelligence

The intelligence system established in the early stages through CASTILLO Armas was centered around three key Principal Agents in Guatemala: SEMANTIC, SECANT and SEQUIN. The latter fled to Salvador early in February after the White Paper expose and resumed his operations from that country. SEMANTIC handled the civilian penetration agents and SECANT was in charge of military intelligence. They were both brought out of Guatemala in April and given polygraph examinations in Tegucigalpa which they cleared satisfactorily. In early May they were sent back to Guatemala to continue their work which by this time had changed from primarily intelligence to organizational work in forming the underground forces around each target garrison. For this reason intelligence became a by-product of their effort although still they remained fairly productive on low level information. Stephen LUGTON was instructed to start planning for strictly tactical type intelligence operations to serve the shock forces once the latter became operational.

Intelligence continued to be received through CASTILLO Armas' diplomatic and high level sources. The most valuable information during this period was received from [] which proved to be fairly reliable. The Guatemala Station provided excellent coverage of the S.S. ALFHEN shipment and the initial reports that it consisted of a huge arms cargo. Owing to the heavy requirements for target data and other tactical, low level information, the Station was fully absorbed in these requests which for the most part were exceptionally well covered.

Although recognized as premature, on 24 May 1954 SECANT advised he had four Guatemalan Air Force pilots ready to defect with their aircraft. Accordingly arrangements were made with [] for their safe landing at [] and instructions were relayed back to SECANT as to the correct procedures for the pilots to follow.

3. Para-Military

Between 19 - 26 April 1954 all classes at SARANAC completed their training, graduated and started their return to Tegucigalpa in small increments. Planning and preparations were underway for organizing the shock teams and sabotage teams and the organizers or instructors were provided individual orientation on their specific problems. SEMANTIC and SECANT completed their de-briefing and planning with CASTILLO Armas and the KUHOOK staff and departed for Guatemala. During this period it became easily apparent that CASTILLO Armas lacked the ability to plan and direct operations, thereby making it necessary for the KUHOOK staff to organize the GHQ and work out every detail to ensure its being done. At this time there was considerable encouragement that the underground partisan organization actually existed and would be capable of demonstrating real power once fully armed and led into action. Key personnel

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in various target complexes had been pulled out almost at will for debriefing and instructions and sent back into Guatemala.

The most difficult problem during this period was the movement of arms into the respective target areas. One system which appeared most feasible consisted of buying and renting trucks in Guatemala City and sending them on regular runs between certain points to establish cover and to be ready to move arms clandestinely from a collection point to a distribution center or direct to the final site. Several farms well inside the country were readied for the reception of arms which were to be brought across the border by mule trains moving only under cover of darkness via small trails. A second system had been developed whereby arms were to be trucked into Salvador clandestinely and placed inside of empty rail tank cars. Through the cooperation of key persons properly placed, the tank cars with arms were ostensibly to be moved in a normal manner across the border to Puerto Barrios for refilling; however, once in Guatemala they would be shunted off on a siding for twenty-four hours where reception teams would remove the arms before the tank cars reached Puerto Barrios. Other less complicated means were devised such as cargo-bearers, false bottom trucks and automobiles. Later two vessels were purchased and readied for shipment of arms, one to Puerto Barrios and the other to San Jose. No difficulty whatever was experienced in removing the arms from the warehouse at [] which was under guard by []

The first week in May, Headquarters advised that a ship, the S.S. WULFSBROOK, was on its way with the long-expected arms shipment for Guatemala. LINCOLN requested permission from Headquarters to organize a UDT effort against this ship upon arrival at Puerto Barrios. About eight different types of aggressive action were proposed. Of all methods LINCOLN preferred the UDT operation and considered it had the capability of launching such an operation using magnetic limpets and forty-pound shaped charges. After the exchange of views it appeared that Headquarters disapproved of action against the ship, preferring rail sabotage once arms started moving to Guatemala City. LINCOLN's desire was to destroy the shipment in the water as rail sabotage would only delay its delivery and probably not affect the arms themselves. While this exchange was taking place between LINCOLN and Headquarters, the KUHOCK staff was urgently assembling and training a UDT unit. Later the rail sabotage was selected by Headquarters as the means to be employed, thereby requiring the field to shift from UDT to rail sabotage preparations.

In the meantime, Headquarters, acting promptly on the S.S. WULFSBROOK and working through the Departments of State and Defense, was able to re-route the vessel to San Juan, Puerto Rico, and with the permission of its owners, proceed to inspect the cargo. While this was in progress, Station Guatemala reported 15 May 1954 the arrival of the S.S. ALFHEM in Puerto Barrios with a secret cargo undoubtedly containing arms as the Minister of Defense and various Army troops were proceeding to the port. After confirming the cargo consisted of arms, LINCOLN obtained approval to launch sabotage teams against the rail line between Puerto Barrios and Guatemala City. On 18 May, two hastily prepared teams of two men each departed overland from Tegucigalpa. One team was to blow the bridge with train at Gualan and the second team had the same mission near Entre Rios. Meanwhile, a third, four-man rail harassment team was being readied to depart 19 May to operate black between the first two teams.

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The Guatemalan Army moved almost a full battalion to Puerto Barrios plus about 100 plainclothes men of the Guardia Civil. Extraordinary security measures were clamped down within twenty-four hours of the arrival of the vessel. The entire waterfront area and rail yards were closely guarded by armed troops. The unloading of the ALFHEM got underway without delay except for one day of bad storms. On 17 May, ten carloads of arms arrived in Guatemala City and by late 18 May over 24 carloads had arrived. On 20 May a report was received that an arms train had been delayed by an explosion on a bridge 16 miles out of Puerto Barrios, sustaining only minor damage. Aside from this incident the unloading and transshipment to Guatemala City continued uninterruptedly through 23 May.

The sabotage teams had failed in their initial missions. Although this failure was a definite disappointment and a discouraging performance from teams that were expected to carry out vital missions during the attack phase, it is believed that recognition should be given to the fact that the leaders had just returned from SARANAC a few days before and also that the teams were hastily briefed and sent on their way within a very short time. The team that attempted to blow the bridge with train had not followed their instructions on how to place the charges. However, if there had not been a malfunction in the electrical wiring it is believed the three charges that had been set would have derailed the train in the river. The team sent to Gualan reported that they encountered a number of troops guarding the bridge, and, being a team of only two men, they withdrew. The third team encountered enemy forces near Champona and were engaged in a firefight. Being greatly outnumbered, they were soon scattered and one member was captured but later escaped.

On 22 May 1954, SCRANTON completed its training program and all radio operators (14) were sent to Tegucigalpa for final briefing and preparation for infiltration. RO-31, the first operator ready to go, was prepared and dispatched overland for his home in Quezaltenango. His radio equipment was to be passed to him by [] after he had arrived at his destination. []

4. K-Program, Defection

The Case Officer, [] working with but independent of the Station, attempted to use [] to prime several of the defection targets among the high ranking officers of the Army. [] during his tour of duty in Guatemala, had made many close and personal friendships with these officers. However, upon his return on this occasion he found an entirely different attitude towards him and toward Americans in general. It is believed that he lost his confidence, and it soon became apparent to the Case Officer that he was of no particular value. Consequently, his return to the United States was approved on 20 May 1954.

Although the above experience proved disappointing, the satisfactory development of the underground partisan force, the effectiveness of the clandestine radio and the belief that the Army Officer Corps was basically anti-Communist, gave reason to feel confident that the K-Program would be able to make certain progress in developing a completely separate force within the Army's hierarchy. LINCOLN's optimum at this time was to achieve an independent but complementary group of influential officers in high places who would defect "in place" and await the general uprising to be led by CASTILLO Armas' forces. In this manner internal

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pressure would be available for application simultaneously with the external pressure. At a minimum, LINCOLN anticipated the K-Program would be sufficiently successful in creating havoc within the Army's High Command during the attack phase to materially reduce the Army's effectiveness against CASTILLO Armas' forces. In this regard the Case Officer was cautioned to avoid any precipitous action and to make certain that defection would occur in place to permit appropriate timing with other factors.

After a series of clandestine meetings with [] reported he was able to overcome [] original strong opposition to CASTILLO Armas and accept him in the plans for future operations. Although [] was unquestionably opposed to the Communists, he appeared to be a person of strong convictions and was reluctant to accept the GROUP/JUNTA cover story as sufficient evidence of strength to overthrow ARBENZ without the support of the United States Government. By astute and patient handling, [] was able to convince [] without going too far that the Liberation Movement was completely compatible with United States Government's policy and that beyond this the United States could not go without becoming directly involved in intervention. Further, that the United States preferred to see Guatemalans place their own house in order but that if this were not done and the Communists continued to be a threat to Hemisphere security, it would simply be a matter of time before overt military force would be employed.

During this period [] accepted both CASTILLO Armas and the GROUP as being the real force which would overthrow ARBENZ. His own role was clarified to the extent that further defection in place of other high ranking officers would be done through him. He was to proceed energetically but cautiously, working first on his friend the Minister of National Defense, Colonel SANCHEZ, then the Chief of Staff, Colonel PARINELLO de Leon. Meanwhile he was to line up other officers who could be counted on to handle the palace coup coincident with the CASTILLO Armas uprising.

5. Q-Program, Deception

A number of minor deception operations have been carried out by LINCOLN and several major efforts undertaken. However, it was not until late April 1954 that deception became a major subject under what was termed the "Q-Program".

One of the principal deception themes or objectives was the matter of spreading the responsibility for PBSUCCESS over as many Latin American countries as possible in order to lessen the impact of American participation and increase the acceptance of this Project throughout Latin America. In this regard the following countries have been directly or indirectly implicated in PBSUCCESS as of this period:

- a) HONDURAS: Directly implicated by permitting an overt base of operations for CASTILLO Armas.
- b) NICARAGUA: To the same degree as Honduras.
- c) EL SALVADOR: Only to the extent that General YDIGORAS Fuentes may be considered a conspirator and that "El Combate" is permitted to be published and other activities of FAGE are tolerated without interference.

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- d) MEXICO: Limited to the "First Congress Against the Soviet Intervention in Latin America," and the unmolested activities of LIONIZER and CASTILLO Armas group which publishes "Pronto."
- e) DOMINICAN REPUBLIC: Past record of interference and alleged support of YDIGORAS Fuentes. This country was mentioned in the "White Paper." More recently the radio station HL2T has been broadcasting strong anti-Communist programs against Guatemala and openly advocates support for the Liberation Movement. An attempt to implicate this country further by purchasing Dominican arms for use inside Guatemala failed to materialize through lack of cooperation of the Dominican Ambassador to Honduras.
- f) VENEZUELA: This country was mentioned in the "White Paper" as planning to send money and airplanes to CASTILLO. An effort was made over a period of months to actually obtain the participation of Venezuela using the ex-President of Costa Rica, CALDERON Guardia, as an intermediary for CASTILLO and [] In April, CALDERON made a trip to Caracas on behalf of the JUNTA and arranged for a meeting to take place between President PEREZ Jimenez and CASTILLO Armas in May. In the meantime, PEREZ sent his Chief, Seguridad Nacional, Colonel Pedro ESTRADA, to Managua, Nicaragua, to confer with SOMOZA and CASTILLO. This meeting took place on 26 May and included a visit to SHERWOOD which evidently was part of the convincing plan to assure ESTRADA that Americans were actually participating in the JUNTA. CASTILLO expressed optimism and anticipated PEREZ would provide him with monetary support and aircraft at a later date if needed.
- g) COLOMBIA: It was originally contemplated that a reserve contingency para-military capability would be organized among the discharged Colombian Army veterans of Korea. A request had been made of [] and instructions provided; however, months went by without any productive action. When an effort was made to stimulate this operation, [] Contract Agent in charge of this task, reported that it could not be done without risking U. S. involvement and that the government would refuse to permit such action. Later, however, after the task was abandoned, [] reported that Korean veterans were volunteering to fight with the anti-Communists for the liberation of Guatemala. This report arrived too late to re-open the proposition.
- h) CUBA: Although often considered as a logical and willing ally, the only effort made to approach President BATISTA was through [] who was then being handled by [] It was requested that arrangements be made either through [] contacts or [] for him to meet BATISTA on his trip to Cuba to hire the CAT crews for the sterile aircraft. The two traveled to Havana, remaining about 48 hours, and then departed. A brief report from [] simply stated they were unable to see BATISTA on this trip.

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In order to provide a smokescreen over CASTILLO ARMAS' activities immediately prior to D-Day, it was planned to arrange his visit to Caracas at such time as to coincide with operational plans. He would appear publicly in Caracas and if possible let it be known he had come for aid from Venezuela. From Caracas he was to announce that he and his party were going to tour South America for aid, but once in Panama he would be sequestered away and returned to his field command post in Honduras by black aircraft. Although this plan was entirely feasible, circumstances which developed during Stage Four rendered its implementation impractical.

6. Air Support

During this period over fifty (50) black cargo flights were flown into Managua and Tegucigalpa without incident, completing Phases One and Two of the Air Support Plan.

Upon re-examination of the KUHOOK program, it was determined that plans should be made for increasing the number of pre-D-Day air supply drops as the arms ingress program was badly delayed and recent events had made existing plans very difficult to implement. The movement of the sabotage teams alerted the enemy to the importance of increasing his border patrols and reinforcing all troops in the adjacent border area. Therefore, Headquarters was alerted to this development and contingency plans for extensive pre-D-Day air supply were formulated.

During the past sixty days, intelligence reports were increasing from many different sources indicating that the enemy had procured a number of fast fighter aircraft. Some reports gave the identity as Fockwulfs, P-51's, Spitfires, and stated that the S.S. ALFHEM had delivered some MIG's in crates. In addition to aircraft, several reports indicated the presence in Guatemala of foreign, experienced combat pilots. Although none of these reports were confirmed, nevertheless their frequency and diversification of sources were sufficient to alert LINCOLN to the possibility that the enemy had prepared such a capability in secret. There was also the possibility that fighter aircraft would be flown in from some nearby country, particularly Mexico.

Giving proper recognition to the above unconfirmed enemy capability and placing it in light of the increased enemy fire power resulting from the arrival of 2,000 tons of unidentified arms and ammunition, LINCOLN recommended that PBSUCCESS be authorized to develop a small fighter aircraft capability in the event adverse circumstances would require such support. After review of the above with Headquarters, this concept was approved and a Phase Four was added to the Air Support Plan to provide for fighter aircraft.

After re-considering the pre-D-Day supply drops, Headquarters withdrew its original approval to use CAT crews for this purpose. An alternate plan was approved to hire civilian crews at large, allegedly through the JUNTA, basing them at SOMERSET. CAT crews were permitted to fly only over friendly areas and under no circumstances were they to make any overflights of hostile territory. [] Chief of Air Operations, acting under the alias of Robert STEWART, proceeded about 20 May 1954 to recruit cargo crews, kickers and fighter pilots in the Miami area. Very little difficulty was encountered in selecting excellent cargo crews for the two C-47's. Those selected were highly qualified

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pilots with ATR's and an average of about 6,000 flying hours per pilot, and were considered all-weather pilots. Recruitment of fighter pilots proved very difficult both as to the paucity of candidates and the extreme security limitations involved. The only two fighter pilots interviewed were very well qualified Naval Reserve pilots and were both hired. All these crews were sent to Havana where [] met them and completed their contracts, after which they proceeded to SOMERSET.

The acquisition of fighter aircraft was initiated about 26 May 1954. Aside from the possibility of acquiring a P-38 and an A-20 from [] it was determined that two F-47's should be made available for escorting the initial daylight cargo flights. Headquarters handled this problem through the Departments of Defense and State.

7. Analysis

The careful pre-planning and preparation of Stage Three operations resulted in a very active operational period. For the most part these operations were conducted successfully, serving to attain the objectives established for Stage Three. The sensational arrival of the S.S. ALFHEM, aside from its military significance, served an extremely valuable psychological purpose as it clearly showed the hand of the Soviet, thus dramatizing the gravity of the situation in Guatemala. The failure of the KUHOOK sabotage effort was unfortunate and reflected the known unreadiness of the KUHOOK program for direct action of this kind.

III. Conclusions:

Despite the May Day exhortations and the arrival of the S.S. ALFHEM, it is believed that PBSUCCESS successfully seized the initiative from the enemy during Stage Three and kept him on the defensive throughout the period. The concentration of psychological pressure internally and externally created considerable impact on the enemy's heretofore solid, almost arrogant, self-confidence and positive assurance.

Unquestionably the enemy is experiencing considerable apprehension and a feeling of desperation as a result of pressure applied on him from so many angles. The attempt to arrest SEMANTIC and the seizure of his papers at the end of the period may prove to be the outward manifestation of the extent of the enemy's despair and the beginning of a desperate effort to roll-up the underground organization before it is too late. The extent of the compromise resulting from the loss of SEMANTIC's papers was not known when this Stage ended.

It is believed that the objectives desired for Stage Three, build-up, have been successfully achieved and on 1 June 1954 the critical period preceding D-Day will commence.

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REPORT
ON
STAGE FOUR
PBSUCCESS

STAGE IV
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CRITICAL PERIOD

I. Objectives:

- To apply maximum divisionary pressure;
- To develop defection efforts to maximum;
- To provide transition from passive to active resistance;
- To create invasion scare to draw enemy forces away from capital;
- To commence pre-D-Day preparations for para-military force within target area;
- To establish H-Hour and necessary advance readiness for the attack.

II. Assessment:

A. Enemy Situation (1 June - 18 June 1954)

1. Chronology

Having seized the psychological initiative from the enemy during the preceding period, it was anticipated that he would commence taking desperate measures to prevent the collapse of his regime. In the psychology of revolution or resistance it has been demonstrated in many instances that where a people have permitted an undesirable government to exist over a number of years without showing determined resistance to that government, they develop an indifference to it and an attitude of letting others do the objecting. In the case of Guatemala, a large majority of the people permitted a Communist minority to gain and sustain control over their government without more than a few hundred doing the objecting. As people generally in such circumstances only react to the extent that they themselves are affected, it becomes an unfortunate truism that such persons must be hurt by Communism in order to personally react against it. Being hurt may be limited to simply the apprehension of being harmed. Thus, a resistance movement thrives on oppression.

During Stage Three, PBSUCCESS confined its application of psychological pressure to the arousing of the people to take passive measures of preparation for the struggle to follow. The success of this maneuver was not lost to the enemy who could readily discern the proximity of the match to the fuse. By allowing a critical period to develop between the build-up period and the showdown, PBSUCCESS intended to provide an opportunity for the enemy to take one of the following courses of action:

- a) If the divisionary effort had been sufficiently successful prior to this time, any desperate moves might well result in disintegration of the regime and the overthrow of ARBENZ.
- b) If the defection effort had been sufficiently successful prior to this time, an attitude of desperation could

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well provide the proper environment for the Army to dispose of ARBENZ and take over the government.

- c) If neither of the above circumstances developed, then the expected reaction of a desperate enemy would be to indulge in excesses of brutality and/or defensive measures; his excesses would then serve to destroy him.

The first flash of arrests initiated by the enemy on 29 May 1954, was countrywide and although on a minor scale to what soon followed, the independent press spontaneously set up a hue and cry that terror stalked the land. Enemy outbound commercial aircraft had been booked for weeks in advance with people wanting to leave before trouble really came to Guatemala. Parents were keeping their children home from school. Food prices went higher and higher as people began hoarding. There were no longer any tourists coming to Guatemala, and business in general was in a depression with no signs of improvement under the current regime. By 1 June, the first wave of persons seeking asylum in foreign embassies took place in Guatemala City.

On 2 June 1954, Augusto CHARNAUD MacDonald, Minister of Government, announced that they had discovered "the best organized plot in the history of the country;" that over forty of the hundred key persons were known and that full details would soon be released after all had been apprehended. A controlled source reported that the Chief of Staff of the Army, Colonel PARINELLO, stated privately "the regime is at bay but is determined to fight for survival short of direct intervention." President ARBENZ announced that he was ready to smash a very extensive internal conspiracy directed from abroad and that police action would continue until this conspiracy had been eliminated. On 5 June, CRUZ Wer, Director of Guardia Civil, held a closed meeting with all provincial officers presumably to review the campaign then underway against anti-Communists.

A later government announcement at a press conference regarding the recent plot described it as a "war of nerves" and said that the clandestine radio was spreading unwarranted fear throughout the country; that the plotters were organizing civilian brigades in different areas for a civil war; and that no member of the Armed Forces was involved in this vast conspiracy. The announcement further stated that anti-Communists had nothing to fear as long as they stayed within the law, but anyone spreading subversion would be punished. Democratic and constitutional liberties were to be preserved at all costs. The government would not suspend those liberties unless necessary. The press was warned against the use of unconfirmed information, rumors and untruths. To guard against such falsehoods the Government would provide reliable information to the press. In other words, a voluntary censorship of the press was requested by the authorities. In the same announcement, the government claimed to know where the clandestine radio was located.

On 7 June, while the enemy was receiving solidarity messages from Chile, Uruguay and Mexico, it was announced in Salvador that Colonel Rudolfo MENDOZA, Chief, Civil Air Operations, and Major Fernando SHUPP, former member USAF Mission to Guatemala, had fled from the country in a private aircraft, requesting asylum in Salvador. On the same day a Guatemalan Air Force pilot defected with aircraft to Salvador and nine cadets of the Polytechnical Institute, local West Point, deserted and were reported heading for Honduras.

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After an alleged meeting with Communist leaders and his cabinet, President ARBENZ announced at 0400 on 8 June 1954, that all constitutional liberties had been suspended for thirty days. This included complete censorship of the press, grounding of all private and commercial aircraft, and the right to search and seizure without due process of law. Although a bold move against the anti-Communists, this constituted such a drastic, desperate action that it immediately created fear and anxiety within governmental circles as well as among the people at large.

On 9 June 1954, ARBENZ had been given an ultimatum by the Army to break with the Communists and form a new government or resign. This incident was reported by three reliable sources which were in agreement in substance but not in detail. [] reported that the Council of National Defense had called on ARBENZ to ostensibly thank him for the arms delivered by the S.S. ALFHEM and used this occasion to tell him that the Army was solidly anti-Communist and wanted to see a break with the Communists. The Army's dissatisfaction with the state of affairs was made clear. ESPERANCE reported that 95 per cent of the Army officers had indicated their opposition to Communism and had asked ARBENZ to dispose of all Communists and change the government or face an Army revolt. ARBENZ was allegedly given until 15 June 1954 to take action. Station Guatemala reported that rumors were circulating that 80 Army officers had petitioned ARBENZ to throw out the Communists and change the government or resign and had given him until 15 June to answer. Later, on 13 June 1954, the

[] reported to C/S Guatemala, that ARBENZ had told him the Army was trying to persuade him to jettison the Communists and change the government, but that he had no intention of doing so and would arm all the peasants if necessary to fight to the last man.

A second Army incident with ARBENZ apparently occurred on 9 June 1954, which may have been a subject of the above-mentioned meeting of the Council of National Defense. The Chief of Staff, Colonel PARINELLO de Leon, was reported by an Embassy source as having headed a group of Army officers who opposed ARBENZ's proposed plan to arm peasants and workers to fight the anti-Communists. This action was disapproved and PARINELLO was given the opportunity to resign, which he declined. The meeting, however, served to reveal a break in the Army with ARBENZ. [] had mentioned in his report of the meeting on 9 June that PARINELLO's position had weakened with ARBENZ and that the latter had rebuked Leonardo CASTILLO Flores, CNGC, for his circular to the peasants, which referred to a plan for the mobilization of 80,000 peasants. [] had not made any reference to the question of arming the peasants. However, a radio newscast from TGW on this date stated that CASTILLO Flores claimed to have organized peasant brigades to aid ARBENZ and that the Army objected to his doing so, as the Army considered itself capable of handling the defense of the country.

During the first week in June, the Department of State announced its desire to convoke an OAS meeting of Ministers to consider the Guatemala situation in light of the recent shipment of arms to that country. Coincident with this diplomatic action, Foreign Minister TORIELLO made conciliatory gestures to Ambassador PEURIFOY. Certain persons misunderstood the intentions of the Department of State and felt that this diplomatic step which was scheduled for 1 July 1954, would result in damaging the resistance movement and permit ARBENZ time to consolidate his position. In actuality the maneuver was an excellent

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demonstration of the desire of the United States to use diplomatic procedures in consort with member nations of the OAS to rectify the situation in Guatemala, thus softening any charges of American intervention on a unilateral basis. Further, if PBSUCCESS was to succeed at all, it would have done so prior to 1 July 1954. On 9 June 1954, TORIELLO told the Salvadoran Ambassador that he had a master card for the OAS meeting. He intended to request that the United States and Guatemala sit in OAS as litigants and the other members as arbiters.

During 9 - 10 June 1954, TGW reported that a seditious movement was crushed by the Guardia Civil in Amatitlan Province near Durazno. The disturbance developed when the Guardia Civil attempted to arrest some people believed to be anti-Communists and were attacked by about 30 peasants using machetes. Three Guardia Civil officers were slain in the first encounter before reinforcements arrived from Guatemala City. The number of peasants swelled very rapidly until a fairly serious situation developed. The Guardia Civil killed and captured an unknown number of the anti-Communists and drove the rest into the hills. It was said that the peasants had been training and preparing to fight in a revolution as a brigade.

Further reports of GAF pilot defections with aircraft were received from Salvador on 11 June 1954. Two aircraft, a bomber (?) and a pursuit aircraft (P-6) had allegedly been given the mission to search for the "phantom aircraft" which had been appearing over various parts of the country. However, after the GAF pilots became airborne, they flew to Salvador and asked for asylum. More cadets from the Polytechnical Institute were reported to have defected to the anti-Communists. Mexico announced she had closed her frontier to all traffic on 11 June 1954. On 12 June, Colonel Miguel MENDOZA took refuge in the Salvadoran Embassy. On 16 June, when MENDOZA arrived in Tegucigalpa, he made a radio address to Guatemala saying that he believed a serious split existed in the Army and was certain most of the Army would join the anti-Communist cause. He told of the terrible torturing that was going on by the Guardia Civil and said that things were coming to a head. He was convinced neither the Army nor the people could tolerate the Communists any longer and that a revolution could come soon.

On 12 June 1954, TGW announced that the Guardia Civil had seized an arms cache in the home of Alfredo ABULARACH Sabaz and that he committed suicide while being questioned by the police. Perfecto VILLEGAS, a well-known anti-Communist in Quezaltenango and C after being jailed for several days, was found in the street near death, having been run over several times by a vehicle. He died soon after. The Guardia Civil claimed he had been released and apparently had an accident. On 14 June, it was reliably learned that Gabriel MARTINEZ del Rosal, well-known anti-Communist journalist in the ESSENCE group, had been tortured to death in Guatemala City. Meanwhile, reports and rumors were rampant that the jails and prisons throughout Guatemala were being filled with anti-Communists and that terrible tortures and executions were taking place. Many of these reports were made by the hundreds of people fleeing across the border into Salvador and Honduras, or seeking asylum by diplomatic means.

On the diplomatic front, President OSORIO publicly acclaimed the complete neutrality of his country. C

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II In the meantime Honduras replied officially to the Guatemalan overture for a "Mutual Friendship and Non-Aggression Pact" to the effect that Honduras could see no reason for such a pact at this time, and preferred to seek its international defense in the treaties and covenants existent within the framework of the OAS. They denied the existence of any strained relations between the two countries or the possibility of war. Thus, in essence, Honduras politely but firmly rebuffed the Guatemalan effort to neutralize that country.

The rumors regarding the Army's ultimatum to ARBENZ, which were believed to have contained some basis in fact, had reached Mexico and the Dominican Republic where they were recited over the respective radio programs, heard in Guatemala. The enemy obviously reacted at once, and all day on 15 June 1954, over TGW an announcement was repeated every five minutes categorically denying such reports, claiming that the Army was more loyal to ARBENZ than ever before. The enemy also denied the defection of any GAF pilots or aircraft, or any cadets of the Polytechnical Institute. TGW reiterated many times that the members of the Armed Forces were completely loyal and were in no way involved in the current conspiracy.

Following the second successful air leaflet drop which was made over Quiche, Quezaltenango and Mazatenango, and the first arms drop at BG-0558 which was unsuccessful, the enemy became more alarmed than ever and the Army became openly disturbed over its vulnerability to air attack. Augusto CHARNAUD MacDonald made a public release on 16 June 1954, in which he said the government had adopted a series of emergency measures to meet the situation described as being "acute." The Department of State was cited as the instigator of the subversive movement now underway giving proof by reciting its stand at Caracas OAS Conference and the public statements made by American officials.

As a result of the first arms drop in the Tequisate area (BG-0558) in which a small number of arms were turned over to the Guardia Civil, the Communist controlled peasants in the area ceased working on their farms and formed armed bands patrolling all roads and villages as far as Guatemala City. The source of this report stated that the small Army elements in the area were forced to take orders from the local Communist leaders.

At the close of this period, the enemy had announced that a national mass rally would be held at 1700 on 18 June 1954, in Guatemala City and that several hundred thousand loyal peasants and workers would participate. The Voice of Liberation warned the people to stay away from this meeting, inferring that there would be trouble. LINCOLN urged Station Guatemala to inform C to use his influence to warn the Army that if this meeting took place, it would result in a "Bogotazo" and the Communists planned to use this as a popular move to take over from the Army. Whether this message was delivered, or, if so, whether it had any effect, is not known at this writing. However, by noon on 18 June the meeting had been cancelled despite the presence in the capital of hundreds of persons from out of the city. At 1600 hours this

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date two friendly fighter aircraft appeared over the city firing machine-guns into the air to terrorize the crowds in the main plaza. The effect was sensational and threw the city into panic as people fled in every direction. Thus, what was to have been a popular mass demonstration of solidarity for the enemy regime turned out to be a demonstration of friendly air power resulting in pandemonium.

2. Analysis

The objective of this stage to create a critical situation in which either the solution to PBSUCCESS would emerge as a consequent thereof or at a minimum the situation would be brought to a peak of revolutionary readiness, resulted in the realization of the latter condition. The price of this maneuver may have appeared to be extremely costly to the friendly forces and a terrible toll to many anti-Communists and possibly many innocent persons. However much it may have hurt, it served to demonstrate conclusively the evils of Communism and removed all indifference and lethargy completely from the ranks of the anti-Communists. The issue became drawn and clear; there was no middle ground.

This critical period effectively resulted in PBSUCCESS losing its top echelon of the underground organization but it also created great pressure on the Army and served to demonstrate that the Army was not completely willing to serve on the side of Communism, despite personal loyalties to AREENZ. By the end of the period the GAF was reduced to a completely ineffective force through defections.

B. Friendly Situation (1 June - 18 June 1954)

1. Losses Sustained From Enemy Action

It was fully realized in the beginning of PBSUCCESS and allowed for in the planning that a critical period would be reached between the build-up period and the showdown for reasons stated under Section I A of this report. It was also recognized that the enemy would engage in repressive measures as a last-minute, desperate act to preserve his regime. According to operational plans it was contemplated that the basic structure of the underground, partisan force would be completely clandestine and highly compartmented. However, in actual practice, long delays were encountered and circumstances did not permit the orderly, systematic, organizational build-up that was planned. On 15 March 1954, it was estimated that D-Day should be during the first ten days in June, and barring unforeseen circumstances PBSUCCESS would be operationally ready by that date. However, in the period following 15 March, thirty days were lost due to policy indecisions; the S.S. ALFHEM incident caused additional delay through diversion of effort; a serious blow was dealt the operation in failing to line Salvador up with the Project; and not to be overlooked were the delays encountered in Honduras as a result of [] and the serious strike situation which hampered all movements for several days at a critical time.

In spite of all of the above mentioned obstacles confronting the Project after 15 March, the original conclusion that the operation should be launched during the month of June 1954, was still considered valid, whether all aspects of the Project were fully operationally ready or not. This conclusion was based on the belief that from June onward, friendly assets would be experiencing the law of diminishing returns for

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effort expended. For this reason all operations were pressed hard for the maximum readiness in June. By the end of Stage Three, an active, organized underground was "in being" but not yet trained in clandestine techniques or compartmented, as this was to be done during the first two weeks in June by the SARANAC-trained organizers and instructors. According to the plan, this formalizing and going underground by the partisan force was to have been largely accomplished in Stage Three, in order to be able to withstand enemy action while preparing clandestinely for Stage Five. Therefore, when the major crackdown was started by the enemy about 29 May, SEMANTIC and SECANT were still in the organizing stage and the individual target organizers and instructors had not yet entered Guatemala.

The above situation may have been fortunate in the long run as the enemy's roll-up proved far more extensive and severe than contemplated. As it turned out, all the top echelon of the agent mechanisms escaped capture either by fleeing the country or going into deep hiding. The second echelon suffered badly; many were captured and tortured, and some did not survive the treatment they received. If the third echelon may be considered as the file or participants of the movement, it is impossible to estimate even at the date of this writing how many of them were seized, tortured and probably executed. Some well-qualified sources place the number of persons arrested at around 2,000 with about 500 of them being executed or dying from mistreatment. Undoubtedly a great many of this third category were never actually involved in PBSUCCESS but were arrested simply because they were known as anti-Communists. The brunt of the enemy's brutality fell upon those people.

Aside from breaking up the underground organization in terms of individuals, the enemy's seizure of documents from SEMANTIC's home resulted in the following compromise of PBSUCCESS plans:

a) Arms Collection Point:

The key collection point for arms smuggled from Honduras for ultimate distribution via truck to Guatemala City, Quezaltenango. Quiche and Coban was located on a farm owned by [] near Gualan. SEMANTIC, who was in charge of the internal trucking arrangements, had all the plans for this collection point among the papers which were seized by the Guardia Civil. The first shipment of arms had moved out of Tegucigalpa for Piedras Blancas on 27 May and consisted of four tons of diversified arms. Upon receiving word of SEMANTIC's compromise, the Field Command Post (FCP) was informed at once to withdraw the shipment. Fortunately the mule train was intercepted before it reached the farm, and the arms were returned to Honduras. [] was alerted but was nevertheless apprehended on 5 June and later executed.

b) Rail Tank Car Plan

One of the most promising rapid means of getting arms into Guatemala was through a rail tank car plan. [] of Guatemala shipped gasoline in tank cars from Puerto Barrios to San Salvador, and, after unloading, these cars were returned empty to Puerto Barrios. Through development of [] in San Salvador and [] in Guatemala City [] a system

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was worked out whereby arms trucked into San Salvador could be loaded clandestinely at night into the empty cars. When the loading was completed, [] in Guatemala City would be informed by cable message and the cars would be ordered back to Puerto Barrios in a normal manner; however, en route they would be placed on a siding near Gualan -- not an unusual occurrence -- where they would be unloaded clandestinely by a reception team. SEMANTIC had arranged this plan in Guatemala City, and unfortunately the plan was among the papers seized by the enemy. All participants in this plan were promptly arrested by the Guardia Civil.

c) Air Supply Plan:

Although no specific dates were provided SEMANTIC, the plans for air supply of different partisan groups were passed to him in April including: Grid coordinates of DZ's, number of aircraft (2), number of bundles and contents, time of drops, DZ markings and danger signals, all clear signals, and disposal instructions. These plans were all compromised; However, as SEMANTIC claims no tactical maps were seized, it was unlikely the enemy could decipher the coded, special grid coordinates used.

d) Pilot Defection Plan:

The plan for GAF pilots to defect with aircraft to SOMERSET had been passed to SEMANTIC just prior to his escape from the police. It is not known whether this information was in such form as to completely reveal []'s part and the special signals. However, the plan was considered as compromised.

e) Communications Sabotage Plan:

Through a series of letters and plans forwarded to SEMANTIC for firming up within Guatemala City, it is believed that he had among his papers more or less the whole communications sabotage plan for the Capital, which included radio, radio-telephone, telephone and telegraph systems and points of sabotage as well as the names of the saboteurs in place who were to perform the acts.

f) Partisan Organization:

Undoubtedly SEMANTIC had among his papers the nine target complexes and the names of many of the key personnel as well as the nature of each complex and area organization. The extent of this compromise has not been determined at the date of this writing, as the names of the military and civilian leaders have not appeared among those arrested during this period.

g) Instructions for Organizers:

It is quite possible that SEMANTIC had a copy of the instructions for the organizers which explained their duties in organizing cells, clandestine techniques, sabotage, street fighting, guerrilla warfare, team action, etc. The releases

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made public during this period reflected considerable information about the plans of the conspiracy, which information was close to being accurate.

It is impossible to explain or find any justification for SEMANTIC's carelessness in failing to keep this information in a secure manner, if, indeed, he kept it at all. He had lived for over a year in great danger for his life, and appeared to be exceptionally adept in clandestine matters. For the previous four months he had been living completely black and had known of his danger. This was obviously a costly blunder which proved an unfortunate set-back to operations. However, upon examination of everything that had been compromised, it was still possible to readjust to the situation and plan anew where necessary.

2. Propaganda

The clandestine radio carried the burden for propaganda during this period and effectively maintained a daily barrage against the enemy for his atrocities and mass arrests, while at the same time keeping up the courage of the anti-Communists. Several times the enemy announced the capture of the radio station, and repeatedly claimed that the station was located in Honduras. When the Honduran Government seized an illegal radio station in San Pedro de Sula, the Guatemalans immediately claimed it was the Voice of Liberation, only to have the latter come back to ridicule the government, claiming all the while to be in the hills of Guatemala. In order to increase the timeliness of the programs during the attack phase, the Chief of Project authorized the transfer of the Case Officer and three of his key indigenous announcers to SHERWOOD for making live broadcasts. This change was made without interrupting the program broadcasts and proved to be an exceptionally important step as the program thereafter was very closely integrated with operational developments.

3. Intelligence

The enemy's roll-up of internal assets, and the forcing of SEMANTIC and SECANT to leave the country, effectively terminated all JUNTA intelligence nets. This necessitated reliance on Station Guatemala for coverage plus low-level tactical information obtained through operations conducted from Tegucigalpa. [] became a very valuable high-level intelligence penetration during this period as were other sources developed by the K-Program.

4. Para-Military

The first week in June was devoted to an assessment of the damage sustained by the capture of SEMANTIC's files, and to preparing a solution for problems thus encountered. The most serious loss was in the arms ingress plan, which necessitated relying heavily on airlift to make up for the time and facilities lost by enemy action. Special couriers were selected and briefed to recontact any remaining key personnel in the areas where arms were to be supplied, and to instruct them on DZ procedures and dates of deliveries.

Although it was recognized that a serious situation existed in respect to the inner organization or partisan force, it was believed that the enemy could not have rounded up all resistance personnel and that the majority of the people would be more ready than ever to participate

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in a revolt against the Communist regime. Therefore on 10 June the organizers and sabotage leaders were given their final briefing and dispatched to their respective areas of assignment.

The radio operators, having graduated from SCRANTON and returned to Tegucigalpa, were given their final briefing and assignments. Considerable difficulty was encountered in trying to infiltrate the radio sets into the areas, due to the extensive security precautions being taken by the enemy. Station Guatemala was called on to cache several of the radio sets and others were carried in by different means. By 18 June, RRO's -22, -25, -34, and -37 were in place and in contact with the base. All TRO's were with their respective Shock Teams awaiting activation.

About 14 June 1954 the field reported that over 150 men had ex-filtrated from Guatemala and wanted arms so that they could return and fight. It was planned to form these men into small groups of five to ten men each, and to give them arms and instructions on how to engage in harassment tactics. They were to be known as HORNETS and were considered of possible value if they did nothing but create disturbances throughout the country until D-Day arrived. However, on 16 June when the Shock Teams were formed to move out to the staging sites, it was learned that CASTILLO Armas did not have available all the men he had claimed. It therefore became necessary to incorporate these new arrivals into the Shock Teams.

By 18 June 1954, all the Shock Teams were in readiness at the staging sites as follows:

Puerto Barrios -- 116 men, C.O. Colonel TORRES.

Mission: To move from Macuelizo to Tenedores to Entre Rios to seal off Puerto Barrios.

Jutiapa -- 46 men, C.O. FERNANDEZ.

Mission: To Asuncion Mita to Jutiapa.

Zacapa -- 70 men, C.O. CHAJON.

Mission: To Carta Blanca and await signal for attack on Zacapa.

Chiquimula -- 96 men, C.O. NEIDERHEITMANN.

Mission: To Copan Ruinas to Camotan to Vado Hondo to seize Chiquimula.

Quezaltepeque -- 106 men, C.O. Colonel Miguel MENDOZA.

Mission: To Neuvo Ocotepeque to Esquipulas to Quezaltepeque.

Morales -- 16 men, C.O. PEREZ.

Mission: To leave Puerto Barrios team and proceed to Morales.

Plans were completed on the arms program which provided for a large number of pre-D-Day air supply drops by the SOMERSET C-47's and the Cessna 180 to be flown by [] a pilot of dual U.S./Guatemalan nationality who had only recently joined CASTILLO Armas' forces. A small vessel was purchased and prepared for carrying three tons of arms and 27 men to Puerto Barrios for the inner organization. It was learned from new contacts established in Guatemala City that the area group in Barbarena Dolores region was still intact and claimed they had over 2,000 tough partisans ready to fight as soon as they received arms. Special airdrop missions were established for this group. In addition, arms were moving

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forward by private vehicles and individuals. All arms for the Jutiapa group were being carried into Salvador and readied for H-Hour. On 9 June 1954, [] made his first flight in the Cessna to his farm near Mazatenango carrying a small quantity of arms and the saboteurs for this area. On 12 June he repeated the trip carrying in 50 SMG's and 10,000 rounds of ammunition.

Recognizing the importance of a single field commander during the attack phase who would have authority to direct all ground, air and propaganda operations, LINCOLN requested permission for [] to assume this position in Managua. Headquarters disapproved this request stating [] was to remain at LINCOLN as Chief of Operations. This did not preclude, however, the assignment of a field commander and accordingly LINCOLN delegated this responsibility to [] on 17 June 1954. The chain of command was thereby streamlined: Headquarters - policy direction; LINCOLN as GHQ; and Field Command Post under [], less Station Guatemala.

5. K-Program, Defection

Under prompting by the Case Officer, [] in a private conversation on 31 May 1954 with PARINELLO de Leon, Chief of Staff, and SANCHEZ, Minister of Defense, told them the Guatemalan government was facing a serious moment. The American people were said to be determined to eliminate the Communists from Guatemala. They were told that an American was in town who was anxious to see them to make this position clear. [] reported they reacted with obvious panic and replied there was nothing this American could tell them that they did not already know.

At a meeting between the Case Officer and [] on 3 June 1954, the latter stated that he realized the Liberation Movement had been hurt badly by the government's repressive measures but that the effort must be continued and he proposed to carry on and organize an independent movement if necessary. [] was fearful that the United States was permitting ARBENZ a breathing spell by its actions before the OAS, thus helping him. Owing to the difficulties of the moment, the Case Officer cautioned [] to lay low for the present.

On 8 June 1954, the day on which constitutional liberties were suspended, the Case Officer, [] reported that the K-Program was stalemated and that the enemy was going through an impressive consolidation. The opposition had been subdued. The Case Officer seemed convinced that the United States was abandoning the "go it alone" program and was seeking collective action to resolve the problem. In conclusion, he requested authority to return to LINCOLN on 10 June 1954. LINCOLN responded immediately, urging him to remain as the damage to the internal assets was not too serious and the external assets were very much intact and steadily building up a greater capability; thus there was no reason for him to leave the field at this critical moment. Station Guatemala did not concur in [] departure; the Station reported it would be unfortunate timing, as conditions were becoming more favorable than ever for the K-Program. Nevertheless, [] decided to return to LINCOLN for up-to-date Briefing.

During [] breaking off period with [] the crisis of 9 June 1954 developed between the Army and ARBENZ, as reported under Enemy Situation for this period. When [] arrival and de-briefing at LINCOLN, it became clear that [] was possibly at a point in the

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development of his plans that he could make an affirmative move toward an Army coup, providing CASTILLO Armas' movement could develop some internal turmoil to stimulate action. As a stimulant to [] it was proposed that he be informed that if he were to overthrow ARBENZ first and establish a de facto government, the United States would officially recognize him. It was foreseen that CASTILLO Armas might be capable of waging a successful military campaign and [] would capitalize on it by making a coup against ARBENZ. This situation would in any event result in PBSUCCESS achieving its objective, and the final outcome would be a strictly local matter. LINCOLN concluded that [] should be urged to take action soonest and requested Headquarters concurrence.

Upon receipt of Headquarters concurrence in the foregoing course of action, on 15 June 1954, LINCOLN cabled Station Guatemala that the situation appeared to be reaching a very critical point and that it was imperative we seek and apply maximum measures at this moment to force the issue. In the absence of [] the station should use ESQUIRE to contact [] It was imperative that [] be made to realize that the moral issue of avoiding bloodshed at this moment was so overwhelming that he must press for action within the Army at once to avoid a terrible tragedy. [] was to be assured of the fullest covert American support and that of the Liberation Movement which was gaining strength rapidly. There was to be no question of the ultimate outcome. Communism would not be tolerated.

The above was a last-minute maximum effort to force an Army coup before preparing for the final assault by force. [] was requested to return to Guatemala City by first available commercial aircraft to assist in the handling of [] established contact with [] as directed above and urged him to call upon his followers in the Army to take action at once to remove ARBENZ. [] did not disagree but reiterated his previous condition that some form of turmoil or strength be demonstrated by the Liberation Movement to serve as a catalyst for the Army, making an issue of whether the Army should fight for or against Communism. The mass rally planned for 18 June 1954, in Guatemala City was selected by [] as the optimum psychological moment for dropping a bomb in the center of the racetrack nearby to galvanize the Army into action and enable him to execute his coup against ARBENZ. [] became very insistent on this point and Station Guatemala shared his view that a bomb would have the desired effect. Although LINCOLN had planned for a fighter aircraft demonstration over Guatemala City coincident with the rally, LINCOLN did not concur in dropping a bomb, and Headquarters shared this view. Although the fighters had a very sensational effect on the populace and served to alarm the Army considerably, [] flatly stated he would not be able to force the coup until his conditions had been met as specified in the case of a bomb. Accordingly, on the eve of D-Day, the effort to force the Army coup through [] had failed to materialize.

6. SAHARA, Military []

The Case Officer reported that he had located a desirable location for his station and had received and installed all the equipment by 17 June 1954. []

7. Air Support

Permission was obtained for the purchase of the P-38 from [] and the deal was consummated on 7 June 1954, in the name []

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of CASTILLO Armas, with [] alias STEWART acting as the agent. The purchase plan was discarded when [] pointed out it was the only one in Central America and everyone knew it belonged to him. Attempts by [] to purchase three F-47's on 8 June 1954, through State Department channels became bogged down over purchase and title procedures. Two of the F-47's were to be sold to CASTILLO Armas in the same manner as the P-38. [] sent strong cables to [] in Washington to expedite the transaction and on 15 June 1954, the deal was consummated. Through prompt and effective action between Headquarters and the Air Force, the F-47's were placed in combat operational condition in Puerto Rico and were flown to FJHOPEFUL on 17 June and ferried to SOMERSET the following day. In the meantime the air ordnance requirements established by LINCOLN were airlifted to FJHOPEFUL and transshipped by black flights to SOMERSET.

On 8 June 1954, the air leaflet drop was successfully executed over Quiche, Quezaltenango and Mazatenango. Pilots reported in the last town they could see people get out of a train in the station to pick up the leaflets, and wave at the planes making a second pass over the town.

During the period 14 - 18 June 1954, the air supply drops scheduled for this period were conducted. On the first mission, 14 June, at BG-0558, the drop was made without receiving the proper ground signal, which resulted in some of the arms being recovered by the enemy. Air Operations were cautioned against this practice. Consequently, on the missions immediately following, the supplies were not dropped because the crews failed to find the proper ground signals. The situation was rapidly becoming critical, as it was known that friendly forces were in these areas. It is not known whether they had failed to receive the couriers with the DZ instructions, or whether circumstances locally prevented them from giving the proper signals. After de-briefing the pilots, the Air Operations officers were satisfied that the failure of the missions was not caused by inability to find the correct DZ sites, although this could well have been the case in certain instances. Two missions aborted due to weather. After conducting fourteen unsuccessful missions, Air Operations was authorized to make blind drops in areas where it was reasonably certain friendly forces would be able to recover them. Cargo flights on blind drops successfully discharged their cargo as follows:

C-15: 12 bundles at BF-6906
C-16: 12 bundles at BG-7263
C-17: 12 bundles at BG-6850
C-18: 12 bundles at BF-8902

On 18 June 1954, after planes had sustained flak damage over Guatemala City, authority was received from Headquarters to engage in flak suppression attack under limited conditions and to bomb military targets in the tactical areas. By this date the Air Operations Section at SOMERSET was fully staffed, air ordnance was in adequate supply and the following aircraft were available for operations: Two C-47's; two F-47's; and one P-38 (not operational). Two light aircraft, a Cessna-140 and a Cessna-180, were transferred to the operational control of the FCP in Tegucigalpa.

8. Analysis

The operational objectives of this Stage were not successfully realized owing to the effectiveness of enemy action and the unfortunate seizure of considerable operational data from SEMANTIC. The internal partisan organization was almost completely lost, leaving only the external

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assets intact at the end of the period. The K-Program was not damaged by the enemy, but on the contrary reached maturity during this time and gave cause for encouragement of ultimate success. Despite the adversity of the situation, all operational plans for pre-D-Day preparations were authorized for implementation. Maximum readiness of all remaining assets was achieved on 18 June 1954, and PBSUCCESS was prepared to make an all-out effort to attain its objective.

III. Conclusions (Establishment of H-Hour and D-Day)

A. The basic premise of PBSUCCESS from the date of its inception was the recognition that the Guatemalan Army would be the key to success or failure.

B. All operations mounted by PBSUCCESS had the one ultimate objective of creating pressure internally and externally on the Army to force or persuade it to dispose of President ARBENZ and the Communists.

C. Upon examination of these operations it may be clearly seen that Communism was made the major issue; that the anti-Communists were shaken from their apathy and organized into a force that threatened the stability of the government; that the government was brought to a point of desperation which resulted in the commission of excesses against the majority of its people; that as a result of this situation created by PBSUCCESS, the Army was forced to the point of vital decision as to whether it would continue its support of ARBENZ and his Communist masters, or remove this cause celebre of the people.

D. In the crisis at hand during Stage Four, in full recognition of the operational losses sustained, it was concluded that nothing would be gained by further withholding of external assets. It was decided that an all-out effort should be made to determine whether the anti-Communists, once given a chance to fight, would do so, and whether the Army would fight effectively in defense of Communism. Thus, it was determined on 16 June 1954 that H-Hour would be "2020" and D-Day would be 18 June 1954."

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REPORT
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STAGE FIVE

SHOW-DOWN

I. Objective:

- To make maximum, all-out effort to defect the Guatemalan Army and dispose of the present government, replacing it with a friendly, non-Communist government.

II. Chronology: (18 June - 30 June 1954)

For purposes of clarity, the developments during this Stage are reported on a day-by-day basis.

18 June 1954

Strategy:

The employment of para-military assets on this date was intended to create an atmosphere of turmoil and disturbance which would force the enemy's Army to make clear its position, whether it would fight to defend the Communist regime or join the anti-Communist cause. This would create a favorable environment for the K-Program to effectuate its defection plan. Defection of the Army being of paramount importance, no action would be taken which would in itself produce a counteraction that might serve to unify rather than defect the Army. For this reason, the tactical use of air power would be confined to its psychological effect. No air-to-ground or air-to-air fire would be employed until so authorized by Headquarters.

As a secondary strategy, the employment of para-military assets was to be a test to determine if the Guatemalan people were sufficiently anti-Communist to be willing to fight against Communism, and if so, to what extent.

Tactical Situation:

Ground: The Shock Troops, reported in Stage Four as being ready at their staging sites along the eastern boundary of Guatemala, began their infiltration of hostile territory at H-Hour, 2020, under cover of darkness. The Advanced Command Post (ACP) under Colonel FLORES was established at CF-8824. The Jutiapa Team, C.O. FERNANDEZ, was apprehended in Salvador by local authorities and disarmed. The men were later released to return to Honduras. Firefights were reported in Puerto Barrios during the day. Estimated strength: 450.

Air: At 1600 hours, two F-47's made a demonstration over Guatemala City on the occasion of a mass rally. The City was buzzed for about twenty minutes, with both aircraft firing machineguns into the nearby hills for effect. The people panicked. Two air supply missions scheduled for this day were aborted due to weather. The Cessna-180 bombed a gasoline storage tank in San Jose, setting it on fire.

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Propaganda:

Friendly: The clandestine radio or "Voice of Liberation" (V/L) initiated a completely notional broadcast stating that an Army of over 5,000 anti-Communist Guatemalan exiles had started a war against Communism in Guatemala. In addition, many details were thrown in to provide a strong psychological impact. A coast-to-coast attack was said to be underway with fighting already started in San Jose where the gas tanks were ablaze, and in Puerto Barrios where there was fighting in the streets. Civil disturbances were said to have broken out in many places in the interior.

Enemy: Official radio TGW carried a strong broadcast from Augusto CHARNAUD MacDonal, Minister of Government, charging that unidentified aircraft were violating Guatemalan borders, dropping arms and propaganda and attacking the city. He charged that serious provocations had been committed by so-called exiles who were actually paid mercenaries of the UFCO. Black-out instructions and orders were issued for the Capital. TGW reported Mexican students paraded in defense of Guatemala saying, "If Guatemala falls, Mexico will also fall. Guatemala is the symbol of freedom in Latin America." Solidarity messages from front groups in other countries were read over TGW.

K-Program:

The fighter aircraft demonstration over the Capital was to have provided [] with the proper conditions to enable him to organize his coup [] However, he reported that aerial acrobatics were not enough; he had to have a bomb dropped within the City on the racetrack or sufficient turmoil caused by other means, to be able to bring the Army to the action contemplated.

General:

The maximum psychological impact was believed to have been established for the initial day of the assault phase with sufficient substance to make the notional propaganda generally acceptable. Although all air supply drops have been unsuccessful thus far, unquestioned control of the air exists. The failure to align Salvador with CASTILLO Armas resulted in the arrest and expulsion of the team intended for Jutiapa, which effectively eliminates that objective from immediate plans. Enemy troops were reportedly in strength all along the frontier of Honduras; therefore the initial penetration by the Shock Teams was expected to be contested within the first 48 hours.

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19 June 1954

Strategy:

No change except LINCOLN urged authorization be granted to make limited use of air fire power for flak suppression and tactical requirements.

Tactical Situation:

Ground: Of the six teams deployed at H-Hour, one was eliminated in Salvador. Of the five remaining teams no reports were received on this date from Puerto Barrios, Morales or Zacapa and it was assumed they were on the march to their respective positions.

The Chiquimula Team, C.O. NEIDERHEITMANN, was reported near Camotan after a minor firefight, one WIA, one POW and twelve men sick.

The Esquipulas Team, C.O. Miguel MENDOZA, reported at CG-9975. Honduran desertions were occurring, transporting of equipment was difficult, progress was slow. The enemy was reported holding high ground at Esquipulas and Quezaltepeque. Aerial reconnaissance was requested.

The sabotage team sent to Gualan to blow the rail bridge accomplished its mission. Civil disturbances reported in Retalhuleu and Quezaltenango were believed to be caused by partisan forces.

Air: The Cessna-180 made a strafing attack on Puerto Barrios airfield with a SMG and hand grenades. The following air supply drops were completed: C-15 at BF-6906; C-16 at BG-7263; C-17 at BG-6850; C-18 at BF-8902. Fighter aircraft escorted flights C-17 and C-18, then buzzed the Capital, dropping leaflets; they also buzzed Zacapa and Chiquimula. Minor flak damage was sustained by a fighter aircraft over the Capital.

Propaganda:

Friendly: Leaflet drops were conducted over the Capital by fighter aircraft. Tactical Psy-war Teams were advancing with main Shock Teams, presumably engaging in field propaganda activities. The V/L broadcasts were being rebroadcast by SANTA FE. The notional radio themes were maintained, exuding strength and confidence in ultimate victory while devoting major attention to the defection of the Army. CASTILLO Armas requested an ultimatum be issued all garrisons to join the Cause by 20 June, but this was denied as being premature except for Zacapa. The V/L, as the official organ of the Liberation Movement, was quoted throughout the world, chiefly in the Western Hemisphere. Colonel Rudolfo MENDOZA was interviewed as Chief, LMAF. He denied bombing the Capital city. CASTILLO Armas' fight talk was presented, showing great confidence in a great cause. False agent messages were given repeatedly. V/L provided detailed instructions on sabotage techniques. Station HL2T, Dominican radio, continued strong pleas for support of CASTILLO Armas.

Enemy: TGW announced Guatemala had requested the UN Security Council to meet on Sunday to consider the international aggression against her flag. TGW vigorously denied V/L claims that the quetzal was to be devaluated, and encouraged people to have confidence in their currency. The government radio also warned that penalties would be invoked on hoarders or persons closing their businesses, and urged people to be calm; everything was said to be under control. Solidarity messages were read

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from Chile and Cuba where students demonstrated on behalf of the Guatemalan Government. Radio Moscow maintained an extra-heavy propaganda barrage on behalf of Guatemala's cause, and came to her assistance at once in the UN. TORIELLO on TGV said: "the battle is on," and reviewed Guatemala's claims against her neighbors and the U.S. for permitting this provocation. President ARBENZ made a long address in which he covered the same ground over and over again: The sponsorship by the UFCO and the United States; not a rebellion but an invasion by foreign mercenaries. He concluded in praise of the "new Army of Guatemala" that would defend her honor. An American aircraft forced down on the Mexican border was said to have bombed the Capital.

K-Program:

ARBENZ assumed direct command of the Army, admittedly because of the presence of disloyal elements. The GAF was considered ineffective due to the defection of pilots. Additional pilots and one aircraft were reported in Salvador. One GAF aircraft crashed. In this atmosphere, Station Guatemala and the Ambassador insisted that the failure to bomb the Capital had retarded []s chance to defect the Army. [] was reported out of contact since 181500. LINCOLN requested authority to use air fire power at Zacapa on 20 June which should provide [] with an opportunity to effect his coup.

General:

To date success and/or strength remains only notional. Unless substance is added soon to the claims of the Liberation Movement, it will be running grave risk of being exposed as a myth, thus giving aid and comfort to the enemy who is presently believed to be in doubt.

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20 June 1954

Strategy:

Failure of demonstrated air power capability to produce the desired reaction without actually firing or bombing resulted in Headquarters decision to authorize flak suppression or firing back at the enemy in Guatemala City; however, such action was confined to strictly military targets and damage to civilians was to be scrupulously avoided. Bombing was to be authorized once Headquarters was "convinced it would substantially increase likelihood of success without disastrous damage to interests of the United States." Views were being exchanged with the field to determine the relative merits of bombing, and to select specific targets. LINCOLN urged immediate authority be granted to strafe gasoline storage tanks in Guatemala City and to use bombs as required on Zacapa and Chiquimula.

Tactical Situation:

Ground: No reports were received from Puerto Barrios or Morales, although the enemy reported fighting in progress in both places.

TORRES was operating beyond Tenedores near Entre Rios. NEIDERHEITMANN reported having captured Camotan and Jocotan with only one casualty. One hundred volunteers were accepted. Armed reconnaissance was sent toward Vado Hondo (CF-7211). The ACP was at Camotan.

Miguel MENDOZA captured Esquipulas without resistance. About 400 recruits were accepted. Air strikes were requested on Quezaltepeque at CF-7801 and Olopa at CF-8808, points of enemy resistance.

CHAJON was reported at Piedras Blancas, CF-9045, the farm, where he reported need for additional small arms and ammunition. Bombing of Zacapa was requested at 202000.

The Jutiapa team under FERNANDEZ was re-equipped and sent to join MENDOZA at Esquipulas, to be ready for the attack on Jutiapa from that point.

The enemy announced that Morales and Bananera were in friendly hands. TGW also stated that troop trains had been machinegunned and rails torn up at Puerto Barrios. Station Guatemala reported troop trains to Puerto Barrios were unable to proceed beyond San Pablo, and that two trains had moved out on this line on 19 June. Large troop movements out of Guatemala City were reported, destination unknown. A train carrying gasoline from San Jose was reported overdue and probably captured. The enemy announced that university students and laborers were to report for induction. Large truck convoys were to move the newly inducted militia at once to La Ermita to engage anti-Communists. Estimated strength: 728.

Air: Air operations was authorized and requested to strafe gasoline storage tanks and AA batteries in Guatemala City. Two air supply missions, C-19 and C-20, aborted due to failure to receive ground signals over DZ's. Fighter aircraft escorted the supply missions and then demonstrated over Jutiapa where the aircraft sustained minor damage from small arms fire and crash-landed at SOMERSET. All aircraft were grounded during the morning due to weather. Only one F-47 was operational. The P-38 was expected to be ready soon.

Propaganda:

Friendly: Leaflet drops were made from a Cessna over Jutiapa, Zacapa and nearby towns. V/L continued notional broadcast, responding promptly to enemy claims. A warning was issued for all citizens to keep

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away from military targets in the Capital. Considerable attention was given to the Army, leading from strength and keeping to moral, patriotic issues. Instructions were given to mythical brigades and agent teams. HL2T gave an encouraging broadcast stating that CASTILLO Armas was waging a highly successful battle at Chiquimula. Radio San Salvador repeated the story of ARBENZ taking charge of the Army because he could not trust his officers. The Liberation Army claimed the capture of Retalhuleu. Notional themes became threadbare as facts became more generally known, indicating a growing need for more substance to support victorious claims.

Enemy: The Guatemalan complaint was in process of being reviewed by the Security Council of the United Nations, with the Soviet assuming the role of defender. The United States position, supported by several Latin American countries, was that the proper international body for this complaint was the OAS, not the UN, according to the charters of both OAS and UN. Meanwhile, under the intense stimulation of the Soviet, the force of World Communist propaganda was brought to bear on the case of Guatemala, with practically every Communist country in the world responding more or less with the same Communist theme. Considerable adverse propaganda was also engendered by this campaign from many governments and organizations not believed to be under Communist influence. In addition to this intensive external propaganda, TGV carried on with its set tirades against the "invaders". An appeal was made to all vehicle owners to make their vehicles available for any emergency. All gasoline sales were rationed for military use only.

K-Program:

The Guatemala Station and the Ambassador remained adamant in their recommendation that a bomb be dropped over the Capital in order to set the stage for [] to defect the Army. The Station had not contacted [] since 10:500. The possibilities for the Army's defection were believed to have lessened with the large movement of troops to the field.

SAHARA:

In response to the urging of V/L, and probably due in great part to the work of the sabotage teams, land communications facilities were cut or destroyed in many places thereby forcing the enemy to rely almost exclusively on radio. []

General:

The Guatemalan situation had come before the world and was rapidly resolving itself into an issue between the United States and the Soviet, involving the prestige of both countries. The immediate action by the enemy in taking its case before the UN at a time when he held every conceivable advantage except moral righteousness, indicates a strong probability that the Soviet desired to exploit the situation for its own ends. Aside from this consideration, it may well have been that the enemy knew that the majority of the people were opposed to Communism, and, lacking confidence in his own Armed Forces in the face of a well-organized threat, appealed to the UN for succor out of sheer doubt in his ability to handle the problem.

In the field, the propaganda war of nerves was rapidly moving into a military situation and a major engagement was expected to develop within

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the next 48 hours. At this time the enemy enjoyed every advantage in strength and fire power, less air. Friendly forces had the advantage in air power and in maneuverability. The test of military strengths was expected to resolve itself into a test of "will to fight."

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21 June 1954

Strategy:

No change. LINCOLN requested removal of "piece-meal" authority and granting of authority to employ air power as required to meet the present "military situation." Time was considered vital to success. The situation was complicated by UN hearings and by the fact that the enemy claimed his capital had been bombed. The position of the United States was made stronger in the face of this falsehood; therefore the decision to validate the enemy's claims required careful consideration regardless of the exigency in the field to take this action.

The authority of the Field Commander, [] , was redefined as pertaining only to tactical operations within the combat zone. Strategic operations outside the combat zone were to be directed by LINCOLN per Headquarters policy guidance.

Tactical Situation:

Ground: A late report received indicated TORRES had captured Chachagualilla (DE-6512) on 17 June, Champona (DE-6317) and Entre Rios (DE-6522) on 18 June, destroying all land communications at these points. On 20 June, TORRES reportedly captured half of Puerto Barrios but due to lack of ammunition and supplies had to withdraw to Corredores (DE-6525) for aerial re-supply.

The supply boat with arms for the Puerto Barrios inner organization was reported by the enemy as captured after several days of firefights.

PEREZ captured Morales, Bananera and Los Amates; as there was no radio operator, reports were received by courier.

CHAJON was re-supplied by air four miles from Gualan. Later de-briefing of the TRO revealed that CHAJON had sent a patrol to Gualan where, instead of reconnoitering, they became engaged in a fire-fight. CHAJON rescued the patrol and continued the attack into Gualan.

NEIDERHEITMANN consolidated his position at Jocotan and prepared to attack the enemy in the area of Vado Hondo.

MENDOZA received the FERNANDEZ team and together they were preparing to attack the enemy at Quezaltepeque. MENDOZA reported having recruited 500 men while in Esquipulas.

Estimated strength: 1247.

Air: [] and [] using handmade TNT bombs in the Cessna-180, made an air attack on Puerto Barrios, hitting and firing one gasoline storage tank. While attempting to destroy two AT-6's on the ground, they were brought under heavy MG fire and barely managed to escape to Honduras where they made a forced landing. Supply missions were completed as follows: C-21 at CF-9423, C-22 at CF-8750, and C-23 at CF-8320. Fighter missions were flown to escort C-22 and C-23, then buzzed towns in the combat zone, forced a light unidentified aircraft to land at Esquipulas, and sustained minor damage from small arms fire. Being reduced to one fighter aircraft, permission was granted to negotiate the purchase of [] F-47 to replace the one lost on 19 June. Headquarters initiated action to obtain three additional F-47's for [] for resale to SOMERSET.

Enemy: Zacapa strength was reinforced to a total of 1400 troops including about 300 in outlying areas. Puerto Barrios strength was estimated at 200 men, who were reportedly short of arms and ammunition.

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Propaganda:

Friendly: One leaflet drop was made on enemy troops near Jocotan. V/L and H12T continued the amplification of previously mentioned themes in support of the Liberation Movement and appeals to the Army, mentioning large-scale defections taking place among troops who were reportedly turning their guns around to fire on those who remained to defend Communism. V/L stated its case for the foreign free press, requesting them to make known to the UN that the Guatemalan government did not represent the people, and that this was a case of rebellion as most of the troops were within Guatemala and only exiles were crossing the border.

Enemy: Foreign Minister TORIELLO reported over TGW that the Security Council of the United Nations had adopted a resolution condemning the fighting in Guatemala as an act of international aggression and called upon all nations concerned to close their borders and to discontinue any support to the aggressors. Meanwhile a message was read over the Tegucigalpa radio from the Guatemalan Ambassador concerning his government's appeals to Honduras to close its borders and arrest all Guatemalans who were breaking the peace between the two sister republics. Messages of solidarity were read over TGW from countries throughout the world as proof of the popular support for the ARBENZ regime. It was claimed that the American pilots downed in Mexico had been engaged in bombing the Capital, and that the only damage sustained was on Colonel Rudolfo MENDOZA's home, which was burned to the ground.

K-Program:

Reports from Station Guatemala appeared very discouraging, indicating the Government was becoming confident and the anti-Communists apathetic. No further contact was made with [] although both the Station and the Ambassador made a final plea for a bomb on the Capital city. A later report the same day from [] stated ARBENZ made a strong bid for [] support through an intermediary, offering unlimited money for [] presidential campaign if he would induce [] to make a pro-ARBENZ speech or some other expression of support. [] said 90 per cent of the GAF were bitterly anti-ARBENZ. An ARBENZ representative told GAF officers in asylum that CASTILLO Armas would be defeated this date "when an Army Force of a thousand men will mow them down." The government appeared very confident of early success as evidenced by other leaders in high offices. In his talks with Army officers, [] said they did not believe in the effectiveness of friendly air power and scoffed at their aerial acrobatics. [] believed [] was sincere and cagey, and was only waiting for the right moment to pull a coup d'etat.

General:

Although Guatemala was successful in obtaining support in the Security Council of the United Nations, thanks to the Soviet and France, it now appears that the United States and other nations will be successful in transferring the action to the OAS for appropriate disposition. The support in the Security Council and the steady, world-wide barrage of propaganda sponsored by the Kremlin have undoubtedly given considerable moral courage to the enemy. With the resulting stiffening of spirits, it is only reasonable to expect that ARBENZ should anticipate early victory over the Liberation Army, particularly as thus far his troops have not actually come to grips with CASTILLO Armas. Accordingly, the effective employment of PBSUCCESS air capability became essential on this date.

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22 June 1954

Strategy:

No substantial change. Policy on use of air power was clarified to the extent that strafing of military targets was authorized and bombing would be limited to Chiquimula and Zacapa.

Tactical Situation:

Ground: TORRES and PEREZ were unreported on this date. An attempt to re-supply by air was unsuccessful. CHAJON entered and captured Gualan and before he had an opportunity to consolidate his position, a superior enemy force moved up from Zacapa and heavily engaged his forces.

Lieutenant CHACON had led a small team above Gualan for purposes of interdiction. He had a TRO and on this date reported he had about 100 men in his command. An effort was made to have CHACON support CHAJON in Gualan; however, CHACON reported that the enemy forces between his position, CF-4835, and Gualan were too far superior to permit this action. The tactical plan for Zacapa provided for CHAJON to by-pass Gualan and attack Zacapa from the north simultaneously with synchronized attacks from the east and south by NEIDERHEITMANN and MENDOZA, respectively. CHACON was to remain in place to block reinforcements to Zacapa from Guatemala City. Therefore, the involvement of CHAJON in Gualan dislocated the operation on Zacapa.

NEIDERHEITMANN and MENDOZA joined forces at Vado Hondo after capturing this town. CASTILLO Armas joined them at this point establishing the Advanced Command Post in Vado Hondo. The three officers then prepared the final plan for the attack on Chiquimula. Meanwhile a message was received that Colonel FLORES had a force at San Esteban (CF-7013) overlooking Chiquimula and was under attack by the enemy. He reported the enemy had fortified positions between the rail line and the river fronting his position at San Esteban. The two senior officers of the Chiquimula garrison were captured by surprise at Vado Hondo, apparently on a patrol to reconnoiter friendly forces.

Estimated strength: 1307.

Air: The Cessna-180 and C-47's made continuous attacks on the enemy at Chiquimula using fragmentation bombs and hand grenades. Air supply missions were as follows: C-24 at CF-8750, C-25 aborted, C-26 cargo at Esquipulas and leaflets over Gualan and Los Robles. Fighter Missions: Strafed gasoline tanks near La Aurora Airport in Guatemala City, setting small fire and causing loss of 63,000 gallons of gasoline. No flak was encountered over Guatemala City, no activity sighted along the Pan American Highway. Headquarters succeeded in arranging for three additional F-47's for [] meanwhile, effort was still being made to obtain the F-47 [] had on hand for immediate use as the P-38 remained non-operational after an electrical fire. Additional personnel were assigned to SOMERSET. Two C-124's were proceeding to FJHOPEFUL with second allotment of MG ammunition and bombs. Only one F-47 remained operational.

Enemy: It was reliably estimated the enemy had about 4,500 Army troops in the combat zone including large elements of the Guardia de Honor and other first line units. Examination of troop movements clearly indicates the enemy was attempting a pincer maneuver with forces divided between the northern rail line and highway to Gualan and Zacapa forming the north prong and other forces entering the area via the Pan American

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Highway to Ipala to form the south prong pointed toward Chiquimula. Both prongs could either come together in a synchronized operation with friendly forces in the middle, or simply hold pressure at these points while conducting simultaneous flanking movements which would result in an envelopment of the friendly rear area.

Propaganda:

Friendly: Despite the realities of the situation, V/L kept some notional tone of confidence and great strength with victory but a matter of a short time. A list of 25 towns was read off as having been captured by the Liberation Army, many of which had actually been taken while others were mentioned purely as propaganda. Many messages of congratulation and encouragement were given out to completely mythical teams or brigades in the enemy's zone of interior. The Sovietization of the Army, as allegedly planned by ARBENZ and the Communists, was explained at length citing the ALFHEM arms as being intended for the People's Army and stating the National Army was being sacrificed against the Army of Liberation to make room for the People's Army. A Military Mission from Moscow was reported now en route to Guatemala City to make this change. V/L claimed Zacapa had been taken and all the troops had joined CASTILLO. Further instructions were provided for anti-Communists in the interior to cut all telephone/telegraph wires and keep them cut. V/L told how ARBENZ tried to flee in a private aircraft but the Communist leaders prevented his escape. ARBENZ was asked to concede his defeat and spare his people and troops further bloodshed. This notional broadcasting in the absence of supporting substance was simply whistling in the dark but served a useful purpose in confusing all those who did not know the truth.

Enemy: The CGTG and CNCQ messages of appreciation addressed separately to the Soviet and French delegations at the UN were read over TGW, on the occasion of the support Guatemala had received from these countries in the Security Council. Many messages of solidarity from other countries or organizations were read over TGW as well as a description of the student pro-Guatemala demonstration in Tegucigalpa. TGW read an Army High Command bulletin which claimed the Rebels had been routed at Gualan and driven into the hills after suffering heavy losses. The Army was mopping up in the Gualan/Zacapa sector and would soon announce a decisive victory. In Puerto Barrios two attacks by Rebels were successfully repulsed, one by sea and the other by railroad; the Army claimed the capture of vast stores of arms and one armed vessel. At Chiquimula the Rebels were also defeated after a fierce battle and were being pursued. The National Army claimed it was beginning its general offensive and the Rebel losses were great. In a later broadcast, TGW reported a number of Rebels had parachuted behind the lines only to be massacred by the peasants with machetes. The Ecuadorian Foreign Minister was reported to have held a meeting with the diplomatic corps to protest the invasion of Guatemala and asked all present to file similar protests with their governments.

K-Program:

Station Guatemala reported some sources considered the lone fighter attack on the gasoline storage tanks as pathetic, giving the impression of weakness. CASTILLO's efforts were widely described as a farce. Anti-Communists, anti-Government morale sank near the vanishing point. The Station opined that the aircraft display this date near La Aurora was far more damaging to friendly than to enemy cause. Weakness and lack of

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decision were attributed to the United States, and would be reflected in the attitude of the people toward lives and property of American residents in Guatemala. Several hundred people demonstrated before the National Palace thus giving the Government indication of popular support. The Station had not reported contact with [] since 18 June and from its estimate, as noted above, the situation had greatly deteriorated, proportionately diminishing the possibility of defection. Although admittedly the situation in the Capital appeared discouraging, LINCOLN did not share the Station's views on an overall basis.

General:

The situation on this date appeared extremely unfavorable as the initiative had swung back to the enemy and his propaganda was having a most disturbing effect on anti-Communists, owing to the lack of substantiation in the claims made by the Voice of Liberation. Only a military feat could reverse this trend, and it would have to come soon.

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23 June 1954

Strategy:

No change in policy.

The friendly situation was considered precarious. Accordingly, the Field Commander was directed to avoid making a final stand at Chiquimula or Zacapa and, if necessary to withdraw, to do so without returning to Honduras, resorting to guerrilla warfare operations and making maximum use of air support. Every effort should be made to reach the enemy's rear. The present state of affairs would not be favorable for any withdrawal into Honduras, as that country would be forced by world opinion, if not the OAS or UN, to disarm all such troops. Although friendly forces were landlocked, every effort should be made to seize Chiquimula and Zacapa, short of a last ditch battle, in order to achieve an air base as a pivotal position for airlifting troops to attack either Puerto Barrios or Guatemala City.

Tactical Situation:

Ground: No report from TORRES or PEREZ.

CHAJON was overpowered by an enemy counterattack and forced to withdraw from Gualan to La Union. CHAJON was captured and reportedly taken to Guatemala City and executed. The remnants of his group were contacted and instructed to join NEIDERHEITMANN.

MENDOZA and NEIDERHEITMANN attacked Chiquimula without air support except for [] in the Cessna-180 who flew six hours over Chiquimula dropping hand-made bombs, hand grenades and strafing with a SMG. The ground attack was successful except for enemy troops in the garrison where about 200 anti-Communist prisoners were being held in the center courtyard. Thirty-two EM and two officers were captured. Upon questioning the POW they reported the Army did not desire to fight CASTILLO Armas. The lack of fighter aircraft support had a serious effect on the morale of friendly forces, despite their capture of Chiquimula, as it was expected the enemy would make a strong counterattack and his artillery batteries were still firing on the city.

Estimated strength: No report.

Air: [] in the Cessna-180 was the only aircraft in support of the attack on Chiquimula. Fighter strikes were made on this day as follows: Zacapa garrison hit with two 250-pound bombs and strafed by three different sorties; railroad bridge heavily damaged south of Chiquimula and the railroad station at Gualan was bombed. Weather was very poor for F-47's. Air supply missions were: C-27 aborted, C-28 at Gualan and Jocotan. Two F-47's were operational as one was obtained from [] pending the arrival of the three F-47's en route with ETA SOMERSET 29 June.

Propaganda:

Friendly: The close proximity of the agent radio base station and the radio broadcast transmitter at SHERWOOD made it almost impossible to carry on both activities simultaneously. Therefore when the tactical nets were active, as they were on this day, due to the battle at Chiquimula, it was necessary for the Voice of Liberation to remain off the air for long periods at a time. During short periods on the air, V/L gave favorable battle bulletins and warned all persons to keep off the highway between Zacapa and the Capital as it was heavily mined. A strong appeal

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was made to University students to uphold their traditions and fight on the side of the anti-Communists. The Guatemalan Air Force was charged with having dropped bombs on Honduran soil in an effort to retaliate for that country's granting asylum to exiles from Guatemala and possibly intending to spread the rebellion into an international conflict. The formation of a provisional government was announced as having taken place in Esquipulas. The Voice of Liberation claimed the support of all free and anti-Communist countries of the world.

Enemy: No new themes were carried by TGW. The people were urged to remain calm while the Army completed the disbanding of the Rebel forces. Pro-Guatemalan demonstrations in Chile were described and messages from the National Indian Federation were read as proof of their support for ARBENZ.

K-Program:

In answer to Headquarters questions on the use of air power, both the Station and the Ambassador replied in the affirmative urging that full support be provided CASTILLO Armas as increased pressure on the Army would either induce mass defection, or destroy the Army altogether. TORIELLO was quoted as saying the government could not stand prolonged tension. On 21 June [] had reported the Army scoffed at air power; however, on 23 June, after only two days of strafing and a few bombs in the combat zone, [] reported the Army was terrified by the strafing and he doubted if it could resist much more. A Colonel Carlos PRERA informed [] through a contact that he was proposing to seize the Army with a group of other officers. No report of contact with [] had been received from the Station since 18 June 1954.

General:

Although the situation appeared precarious early on this day, the successful action at Chiquimula without fighter air support represents the first major ground victory. The loss of Gualan, while unfortunate, was inevitable without air support or reinforcements, which were not available. The increase in air capability should hereafter become a strong factor both in support of ground action and in inducing defection of the Army. [] became impatient with the restrictive use of tactical air power and worried about the apparent lack of success. He demanded to see the senior person in charge of the operation, for assurance that everything was being done that should be done in order to achieve an early victory. However, with the victory in Chiquimula and the aggressive use currently being made of fighter aircraft, it is believed [] was somewhat reassured.

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24 June 1954

Strategy:

Developments on the diplomatic front indicated the possibility of an OAS inspection team visiting the disputed area in the immediate future. This development necessitated reconsideration of the strategical plan to force the defection of the Army in the field, as it was believed an earlier defection might be achieved by bombing a military objective within Guatemala City. LINCOLN recommended and received approval to bomb the Fortress Matamoros on this date.

The advent of an OAS inspection team would undoubtedly result in suspending the use of all external operational bases in Nicaragua and Honduras. Therefore, in view of this impending development, the following general strategic considerations were adopted, either to achieve an early victory or at the minimum to obtain the most advantageous position prior to any forced cessation of hostilities:

- a) Guatemala City: Make maximum defection effort through bombing of military objectives within the City. If necessary and favorable, this action would be followed by an airborne operation to seize and hold the National Palace.
- b) Combat in Field: Force earliest possible decision at Chiquimula and Zacapa, opening approaches to Guatemala City and possibly achieving defection of the Army.
- c) Puerto Barrios: In the event the above actions fail or are determined beyond the estimated time limit available, a maximum effort would be made to seize Puerto Barrios by a combined land and air attack. The early occupation of this site would permit withdrawal from external bases and the establishment of all support activities, including a provisional government in Puerto Barrios.

Tactical Situation:

Ground: No reports were received from either TORRES or PEREZ except that both teams were out of action awaiting re-supply which had been delayed due to inability to locate their bivouacs. CHACON unlocated.

Chiquimula: Fighter aircraft was directed against enemy artillery positions in the area and an air show was made over the garrison while ground troops completed its capture. Morale was again high and preparations were made in the event of an enemy counterattack from Zacapa.

Jutiapa: 500 men in the partisan force were reported near Jutiapa awaiting air supply of arms. An attempt was made without success to locate them.

Estimated strength: Unreported.

Air: Supply missions: C-29 at Chiquimula; C-30 failed to locate DZ near Gualan. Fighter missions: During the morning two sorties bombed artillery positions and strafed all enemy points of resistance in the area of Chiquimula. In the afternoon all fighter flights were cancelled. Three additional F-47's arrived at SOMERSET.

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Enemy: A troop train of 22 cars was reported moving from Guatemala City to Zacapa on the afternoon of 24 June.

Propaganda:

Friendly: V/L's broadcast time was severely restricted due to the volume of urgent radio traffic. Set themes were re-worked giving emphasis to Army defections and victory at Chiquimula.

Enemy: Reports received from the field indicated that the restriction on V/L broadcasts enabled the enemy to dominate the propaganda field to the detriment of anti-Communist morale.

K-Program:

Authority was received to bomb Matamoros Fortress and strafe fuel tanks in Guatemala City on 25 June 1954, in a strong bid for the defection of the Army. Station Guatemala reported the situation was favorable for positive results from this action.

General:

Despite indications of success at Chiquimula, the enemy's diplomatic maneuvers before the UN and the OAS presented the serious possibility that a premature cease-fire might be enforced in the immediate future. The large troop movements to the combat zone coincident with the diplomatic maneuver indicate that the enemy was desperately driving for either an early military victory or a forced cessation of hostilities in order to preserve his government.

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25 June 1954

Strategy:

In the event the raid on Matamoros failed to create early effective results in inducing defection of the Army, then first priority would be given to combat operations in order to secure the air base at Zacapa which would be vital to any airlift action directed toward either Guatemala City or Puerto Barrios.

Tactical Operations:

Ground: No report from TORRES or CHACON.

PEREZ was reported under air attack by enemy AT-6's near Morales and forced to withdraw into the hills.

Chiquimula: The enemy initiated a strong counterattack from Zacapa. MENDOZA's group was to meet the attack but withdrew in the face of the enemy. Lieutenant Antonio BETETA withstood the attack with 200 men. By his strong leadership and weapons placement he repulsed the enemy, claiming 500 enemy casualties. Many recruits joined CASTILLO's forces at Chiquimula bringing estimated strength to over 1100 in this city. Using the Cessna-180 and a chartered aircraft in addition to SOMERSET C-47's, an airlift was arranged to equip and arm the forces at Chiquimula in preparation for an attack on Zacapa.

Air: Two F-47's attacked Matamoros, but only one dropped its bombs; the second aircraft was unable to release its bombs but strafed the Fort. A direct hit was obtained with a secondary explosion. During the day, fighter sorties were made against the trains in the Chiquimula/Zacapa area and at BF-9218. Four trains were sighted and strafed with the engine of one exploding. One fighter aircraft sustained flak damage over the Capital but made a safe return to SOMERSET. A bridge was destroyed at El Jicaro and the road between Chiquimula and Zacapa was cleared of all traffic by strafing. A supply mission was carried out at Chiquimula (C-37) and a drop was made at CG-1572 near Jalapa to a group of women in the DZ. Shortly after the Jalapa drop was made, a report was intercepted that fighting had broken out in that city.

Propaganda:

Friendly: The V/L concentrated its available time on the Matamoros defection theme throughout the day. Leaflets were prepared and dropped on enemy troops in the field. ARBENZ's appeal to Moscow for support was fully exploited.

Enemy: No information is presently available on the enemy's propaganda for this date.

I-Program:

The bombing of Matamoros was laid on to satisfy []'s conditions for staging a coup. Prior to the actual air strike, Station Guatemala advised that the Case Officer, [] was planning to depart that day for LINCOLN by train via Mexico. LINCOLN was unable to understand his departure at this time; it was assumed that the Station had taken over the handling of [] although no report of contact had been received by LINCOLN since 18 June. (SEE OVER)

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[] the Case Officer of the K-Program, has commented as follows on this Program in a desire to clarify the record:

"1) Pending my return to Guatemala City from Lincoln, the Station, under cabled Lincoln instructions, took over my main sources: ESQUIRE and

govt
Encl

[]
"2) After my departure from Lincoln and while enroute to Guatemala City, the Station cabled a request to Lincoln that I should not return.

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"3) Upon my arrival in Guatemala City I was advised by [] that [] would be loath to relinquish control over K-Program assets and, having no choice in the matter, I concurred that he continue handling them.

Gen

"4) It was agreed by the Station that I should leave Guatemala by earliest transportation available. Since planes no longer landed, I took the train to the Mexican border."

the

[]

15 December 1954.

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RYBAT/PBSUCCESS

26 June 1954

Strategy:

Without awaiting the results of the Matamoros bombing, it was decided to issue the terms for cease-fire and negotiations in the name of the Liberation Army in order to provide ARBENZ or anyone likely to succeed him with a clear set of instructions as to what steps would have to be taken in order to obtain a cessation of hostilities.

Meanwhile, the first priority would remain that of seizing Zacapa and securing it as an air base for lifting troops as required.

Tactical Situation:

Ground: TORRES' group was believed decimated after strong enemy air and ground attacks at Champona. A large number of his men were ill and were reported at Corredores awaiting re-supply.

PEREZ's position was unknown; possibly dispersed.

CHAJON's group was reduced to 30 men after the defeat at Gualan and was reported at CF-9825.

The Chiquimula force was again counterattacked by the Zacapa Garrison; however, the enemy were caught in the open by fighter aircraft and thoroughly routed.

Jalapa: The small group that were armed on 25 June were given a larger supply drop on this date and they resumed the attack on the Jalapa Garrison. [Report from the Garrison C.O. stated he was under attack by 1500 Rebels. It is possible that the timely activation of the Jalapa Partisan Group delayed the Guardia de Honor elements from continuing their advance toward Ipala and Quezaltepeque, thereby preventing the enemy commander at Zacapa from committing his reserves at Chiquimula. The enemy strength was estimated at 4,500 while friendly strength in the area was reported to be 1,500.

Air: Fighter missions: Five trains were sighted in marshalling yards at Zacapa, one was destroyed and the others damaged by strafing; strafed troops at CF-6833; destroyed artillery positions at CF-7322; exploded locomotive and strafed three trains at Zacapa; damaged bridge at CG-3646; destroyed artillery position at CF-7034 and suppressed AA in Guatemala City. One aircraft sustained battle damage.

Propaganda:

Friendly: V/L devoted almost the entire broadcast time on this day to repeating the terms for cease-fire and negotiations as dictated allegedly by CASTILLO Armas, although actually drafted at LINCOLN. The text as follows:

- "A. The Supreme Council of the Liberation Movement hereby announces conditions necessary to be met before peace and order may be restored to our country.
- "B. The Army is not our enemy and we are not its enemy. Our enemy and that of the Army is Communism, personified by ARBENZ.
- "C. We appeal to all officers and men in the Army to arrest and confine immediately all members known to be Communists.

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- "D. We appeal to the high ranking officers of the Army to seize and arrest ARBENZ, and establish a Military Junta ad interim.
- "E. The Military Junta will immediately issue orders to all unit commanders to arrest all known Communists and prepare for joining forces with Liberation Movement to restore order throughout the country. These orders will apply also to elements of the Guardia Civil under local Army commanders.
- "F. The Military Junta will establish a cease fire hour, notifying all commanders three hours in advance. Immediately thereafter it will make public announcement over TGW attesting to foregoing, thereby indicating willingness to negotiate formation of new government. The Liberation Council will then establish immediate contact with the Military Junta.
- "G. This appeal is made to the Army in the name of humanity and before God to spare further bloodshed and devastation of our beloved country. Until these conditions have been met, the Liberation Movement will continue to use ever-gaining force and every weapon to destroy all Communists and all those who defend Communism."

Enemy: No information is presently available on the enemy's propaganda for this day.

K-Program:

Station Guatemala reported that the bombing of Matamoros had an instant effect. The people panicked and all stores closed. ARBENZ was in direct contact with Colonel PARINELLO and it was reported that the government cause was lost but no one knew who would take over or how. An officer who defected from Zacapa stated CASTILLO Armas' ground and air power was terrifying. Many soldiers wanted to defect but were afraid they would be shot if they tried. A psychological peak was again being reached. Scattered firing had started in the Capital. Although reliably confirmed that 90 to 95 per cent of the Army officers were opposed to the regime, they lacked leadership and were greatly hampered by a terrorist espionage system practiced by the government within the Army organization.

The possible evacuation of American citizens was being considered more as psychological pressure on the government than because of real necessity. The last remaining troops moved out to Jutiapa, leaving the Capital to be guarded by militia. ESQUIRE met with [] on this date; report not received.

SAHARA:

This operation proved obviously effective, as evidence indicates the enemy was out of contact []

2. V/L and friendly field units were all directed to renew efforts to destroy all land communications in order to completely disrupt the enemy's communications system.

General:

Although the enemy had greater numerical superiority in the field on this date, he was unquestionably haunted by the apprehension that the

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people would yet rise against him, and that his own military forces would not fight for Communism. The fighting at Jalapa, behind the lines, and at Canales, although actually only guerrilla skirmishes, were of considerable significance at this particular moment in the operation.

Despite the enemy's cause for apprehension, in terms of military capability, the friendly forces remained in a precarious position.

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27 June 1954

Strategy:

In recognition of the possibility that the enemy would be able to effectively employ his greater military capability, and that a strictly military decision would be the only solution to the situation, it became imperative to employ maximum measures to strengthen friendly forces short of direct intervention. This action was mandatory as the prestige of the United States had become too deeply involved to countenance failure. Further, the impending action by OAS necessitated definitive planning within the remaining time limit.

Accordingly, LINCOLN recommended and Headquarters approved the following immediate measures:

- Authorize CIA personnel to enter hostile territory to direct and supervise operations;
- Issue 81mm Italian mortars and German rocket-launchers, 2.35;
- Increase fighter aircraft capability by three or more P-51's;
- Establish a training center at FJHOPEFUL with a reserve of 20 or more CIA/KUHOOK personnel for extra-hazardous assignments in support of operations;
- Procure and equip two ocean-going vessels in preparation for an attack on Puerto Barrios, one for assault purposes and the other for supply, to contain arms reserved and duplicate SHERWOOD equipment.

Based upon the above anticipated capability, LINCOLN prepared the following strategical plan as the maximum effort:

- Premise: Either Zacapa air base would be secured, or Chiquimula and/or Esquipulas airstrips would be available for airlifting ground troops by 30 June, and friendly forces would be reasonably intact.
- ALPHA Operation: If sufficient favorable factors were present, i.e., majority of enemy troops away from the Capital City, an air attack would be conducted to neutralize military targets in the City; the same day troops would be airlifted from one of the above airstrips to Jalapa and Chimaltenango airstrips, prepared to initiate ground attacks in the direction of the Capital. The next day under fighter cover, troops would be continuously airlifted to Cipresalas Airport in the Capital. About 450 troops could be airlifted during daylight hours, establishing perimeter defenses upon landing. During the night the perimeter defenses would be enlarged and on the following day the attack on the National Palace would commence under fighter cover while additional reinforcements continued to arrive by air. The objective would be to seize the Capital City by airborne assault while keeping the enemy's troops pinned down in the field.

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- BETA Operation: If ALPHA were not considered favorable and a decision not rendered at Zacapa, then on 3 July the following operation would be mounted to seize control of Puerto Barrios within 24 hours: TORRES' group would be re-supplied and increased in strength to 200 men for attack by land from Entre Rios supported by fighter aircraft. An armed assault vessel with a rocket-launcher team and two 75mm recoilless rifle teams of Americans supported by the vessel's fire power and fighter aircraft would attack the waterfront. With fighter aircraft having neutralized a wide area around the airbase the previous day and repeated the process at dawn, 200 troops would be airlifted to this base to form an attack column toward the center of the city. This preponderance of strength and fire-power would ensure the rapid capture of the city and enable the supply vessel to land the SHERWOOD gear without delay. The following day SHERWOOD and SOMERSET would be airlifted to Puerto Barrios and operations against the enemy resumed from bases entirely within Guatemala.

With the above as guidance, the Field Commander was directed to seize Zacapa air base by 29 June, if Plan ALPHA was to be implemented, or by 2 July if Plan BETA was to be implemented. If unable to accomplish these objectives, an orderly withdrawal would be made to Chiquimula holding this point until Plan BETA was completed.

Tactical Situation:

Ground: CASTILLO Armas led an attack on Zacapa and withdrew due to heavy enemy fire and lack of air support (weather). Apparently Zacapa could only be approached from Chiquimula by one bridge and the enemy was in command of all high ground around the bridge, which was also vulnerable to destruction by the enemy. CASTILLO counted on a heavy aerial bombardment of the enemy's position, accompanied by a motor convoy making a rapid advance over the bridge to secure the other side for the remaining attack force. Friendly rear guard near Ipala at about CG-6978 was attempting to contain the enemy's advance to Quezaltepeque and/or Chiquimula while awaiting friendly air support. A strong enemy motorized column was reported moving toward Quezaltepeque apparently with the intention to sever CASTILLO's rear route to Esquipulas. CASTILLO was instructed to hold his present position or, if that became impossible, to phase into guerrilla warfare but to delay the main engagement until adequate air support became available, expected on 28 June.

Air: Capability increased to four operationally ready F-47's with three P-51's en route. All tactical targets were weathered in for the day. The only fighter target was a ship at San Jose that [] claimed was unloading arms and ammunition. The P-38 made a bomb run on this vessel, made a direct hit and caused it to burn. Supply missions C-38 and C-39 dropped gas drums at Chiquimula and fragmentation bombs on the enemy at CF-6936. C-40 dropped supplies at CG-1575 and CF-9825. SOMERSET dispersed all aircraft after being alerted by [] that enemy aircraft obtained in Mexico were planning an air raid on the base.

Propaganda:

Friendly: During the day V/L reiterated the terms of a cease-fire and quoted the text of a message sent by CRUZ Wer to all departmental governors to capture at once all known anti-Communists and hold them in

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prison, and at the first shot of an attack to shoot them immediately. V/L cited this as barbaric Communist tactics which the Army was urged to prevent. Fifteen hundred men were reported at Jutiapa ready to seize the garrison if the C.O. did not offer to join forces. ARBENZ was warned that the Liberation Army was only 60 kilometers away from the Capital and would be there within 24 hours. The Army was asked to seize ARBENZ and comply with the terms of cease-fire.

At 2120, TGW announced that ARBENZ had resigned and that Colonel Carlos Enrique DIAZ, Chief of the Armed Forces, had taken over the government. Within 30 minutes of the announcement of ARBENZ's resignation, V/L was on the air. People were told that their objective had not yet been reached although there was cause for rejoicing at the removal of ARBENZ. V/L stated that the battle would go on until all Communists were completely uprooted from the Government. An ultimatum was given to DIAZ to accept the terms of cease-fire at once or the City would be bombed again. This was followed by repetition of the cease-fire terms. An appeal was addressed to the Army not to accept DIAZ because he was as tainted with Red as ARBENZ. Troops were invited to join the Army of Liberation in the march to the Capital.

Enemy: At 2120 hours TGW carried ARBENZ's farewell address which kept strictly to the Communist line. He attempted to martyr himself by placing his resignation on the basis that the enemy had tried to make him a symbol of hate and therefore he would remove himself in order to spare the country further devastation at the hands of UFCO mercenaries. DIAZ, in a speech of acceptance also given over TGW, promised to carry on the fight against CASTILLO Armas.

K-Program:

Station Guatemala reported the results of the ESQUIRE [] meeting of 26 June. [] stated he could not act until the situation was ripe, as the Army was still loyal to ARBENZ and had superior forces in the field. He said a civilian group was preparing a petition of 20,000 signatures asking the Army to take over, and the petition would be ready on 29 June. [] thought this petition might induce DIAZ and SANCHEZ to form a committee to obtain ARBENZ's resignation. The Committee would rule briefly and then be replaced by a second committee in which [] would emerge the key figure. He did not think ARBENZ could be persuaded to order a cease-fire.

Colonel Donis KESTLER advised [] that the government's cause was lost as communications with troops in the field had been cut and no word received since 0700 on 27 June. Troops from Jutiapa to Ipala and Chiquimula were so badly strafed they no longer existed as a fighting force, and casualties were estimated at 1,000. These troops were the cream of the Guatemalan Army. When ARBENZ was informed, he said that he intended to defend the Capital with militia. The Army was convinced that this was impossible as the militia was no match for CASTILLO's forces. KESTLER added that CASTILLO's mortar fire was devastating and that the Army was deserting wherever possible.

At 1245 hours Ambassador PEURIFOY was in conference with Colonel DIAZ and the General Staff, having received a telephone call from TORIELLO. Those present stated they had agreed that DIAZ should be the next president and wanted PEURIFOY to arrange a cease-fire so that troops

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might be brought back to keep order. CASTILLO Armas was not acceptable to them. DIAZ was to tell ARBENZ of the decision and if no agreement could be reached SANCHEZ was to bring up artillery. PEURIFOY declined to have any control over CASTILLO. At a second meeting it was settled that ARBENZ was to go and DIAZ was to take over. The Junta would remove all Communist leaders, sending them out of the country. The United States was asked to use its good offices to arrange a cease-fire on both sides. PEURIFOY reported that the Junta should be forced to deal with CASTILLO as the man who had the courage to bring about ARBENZ's downfall.

General:

ARBENZ ostensibly resigned for the best interests of the people; however, his resignation appeared to be a political maneuver to remove the stigma of Communism attached to ARBENZ, while DIAZ would continue the Government along the identical course set by ARBENZ. A second bombing of Matamoros was planned for 28 June to demonstrate CASTILLO's determination to force DIAZ to negotiate.

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28 June 1954

Strategy:

No change from 27 June 1954, except that LINCOLN was directed to clear all messages pertaining to the political situation with Headquarters before sending to the field.

Tactical Situation:

Ground: TORRES was contacted and re-supplied at DF-7177. Colonel BERGANZA joined TORRES, planned to conduct harassment operations on 29 June.

PEREZ was located at Los Tarros with 100 men awaiting resupply. He claimed he held Morales and Bananera for three days and was forced to abandon them for lack of arms and ammunition. He was confident he could recapture the towns after receiving a resupply.

CHAJON's team was re-supplied at CF-9825. Only 30 men were left. They were instructed to harass Zacapa from the east.

CHACON, located at CF-4321, reported enemy morale very low and rapidly diminishing further due to air attacks and shortage of food. Many soldiers were deserting and only the enemy's artillery units were remaining at their positions near Zacapa. CHACON was instructed to assemble his hundred men and join the attack on Zacapa from the west on 29 June.

CASTILLO's forces at Chiquimula prepared for an all-out attack to commence 291000. His present strength at Chiquimula was estimated at 1200 well-armed men eager to fight. A coordinated ground-air attack plan was completed for Zacapa, weather permitting. All troops were preparing to move to the line of departure under cover of darkness. All air capability was assigned to Zacapa for the attack. Fire power was increased by the arrival of six 81mm mortars. A 200-man feint attack was launched in the direction of Ipala for deception.

Air: Fighter aircraft made a direct hit on Matamoros on the second strike at this target. Ammunition was obviously hit, as a large secondary explosion occurred. An attack was made on the TGW towers and transmitter building; a near miss was made with bombs, and the pilot returned to strafe the building. A bomber strike on the Zacapa garrison resulted in a secondary explosion. Trains and trucks were bombed near Zacapa. Supply missions: C-41, C-42, C-43, and C-45 to Chiquimula; C-44 at DF-7177.

Propaganda:

Friendly: V/L used themes of popular appeal to the Army; the Junta, if true, was a step in the right direction but not enough; the Army must join the Liberators. Leaflets were prepared for daylight drop in Zacapa stating 291000 was the deadline for joining CASTILLO.

Enemy: No information is available on the enemy's propaganda for this day.

K-Program:

Station Guatemala advised that PEURIFOY made his agreement with DIAZ and the General Staff as the only expeditious way of removing ARBENZ. DIAZ was recognized as being too closely aligned with the past regime

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to remain. A meeting was held at 2300 hours this date between [] It was agreed [] DIAZ
to resign [] and that an agreement would be reached with
CASTILLO. A second meeting was held with the following present: [] The point was
[] made that [] as DIAZ was too close to ARBENZ. DIAZ
desired to know if PEURIFOY would confirm this view. Thus at 0330 June 28,
PEURIFOY joined the meeting and confirmed [] Colonel Elfego MONZON, would be-
come the new president of the Junta.

In the event DIAZ doublecrossed MONZON, the Station requested
resumption of air raids. At 1500 hours the Station requested the City be
bombed again as MONZON had simply been taken into the Junta as Minister
of Government, and DIAZ remained as Chief of the Armed Forces. DIAZ
claimed they were the real anti-Communists and slandered CASTILLO. The
Station's message ended, "Bombs would persuade them fast -- bomb this
afternoon." Thirty minutes after this message was sent, two F-47's ap-
peared over the City and dropped two bombs on Matamoros, causing a large
secondary explosion that shook the City.

General:

With the enemy thus on the run, victory was indeed very close.

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29 June 1954

Strategy:

To exploit current cease-fire negotiations to obtain objectives of PBSUCCESS while remaining in readiness to resume operations in the event of failure.

Tactical Situation:

Ground: The Liberation Army was ready and poised for the all-out attack on Zacapa when the cease-fire/suspend attack order issued by LINCOLN was received by CASTILLO Armas from the Field Commander. At this moment there were 1500 well-armed men practically encircling Zacapa where an enemy garrison of 700 men awaited the attack from all sides as well as from the air. All troops were ordered to hold their positions, prepare their defenses and be ready to resume the attack in the event of treachery by the enemy. Colonel CASTILLO and Major OLIVA entered Zacapa under a flag of truce and arranged a local battle-field cease-fire. The Zacapa Commander had received prior notice from Guatemala City of the impending cease-fire. However, his first question was whether CASTILLO would call off the 30-plane bomber attack which he had been told was planned for the next day if he did not join the Liberation Army.

Air: Supplies were dropped to advance forces beyond Chiquimula. The following fighter sorties were flown prior to receipt of the cease-fire order: Air cover was provided field troops getting ready to mount the attack on Zacapa, artillery pieces were knocked out around the air base, a bridge was bombed east of Zacapa. One F-47 received a vital hit by small arms fire and crash-landed at Chiquimula. The pilot was recovered and immediately flown out of the area and later returned to SOMERSET.

Propaganda:

Friendly: V/L carried the cease-fire message all day. Leaflets were air-dropped on friendly and enemy troops announcing cease-fire preparations.

Enemy: No information is presently available on the enemy's propaganda on this day but it is assumed that TGW also broadcast the terms of cease-fire.

K-Program:

As a direct result of the second bombing of Matamoros, the Junta promptly agreed to negotiate with CASTILLO. Using the good offices of the American Embassy, the Service Attaches were to prepare the plans for a joint cease-fire. The Papal Nuncio was asked to be the "guarantor" of the negotiations. At 0445 on 29 June the Junta was taken over by Colonel MONZON as President, Colonel Jose Luis CRUZ and Major Mauricio DUBOIS. This Junta agreed to accept CASTILLO Armas as a member. MONZON explained that DIAZ had forced him into a deal which obliged him to play his cards carefully for an inside coup, thus accounting for his actions.

Station Guatemala stated MONZON and others would welcome CASTILLO's return to the Capital. The population was overjoyed with the situation and wanted their hero to appear. The Army was willing to deal with him. Inasmuch as the Embassy's good offices were being used to arrange the

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peace, the Department of State assumed responsibility for this entire matter and CIA shifted from operational responsibility to an advisory role. In conclusion regarding the K-Program, in the final hour it paid off and served a valuable role in the ultimate conclusion of this Project.

General:

LINCOLN was informed that it was relieved of further operational responsibility now that the Department of State had assumed charge of the negotiations. LINCOLN's responsibility for the next few days was confined to maintaining the status quo.

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30 June 1954

Colonel CASTILLO Armas, accompanied by [] and
Major OLIVA, departed this date for San Salvador to participate in
peace negotiations.

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REPORT
ON
STAGE SIX
PBSUCCESS

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STAGE SIX

Consolidation

I. Peace Negotiations:

President OSORIO of El Salvador acted as mediator during the meetings the afternoon and night of 30 June, but no agreement could be reached between Colonel CASTILLO Armas, Chief of the Liberation Army, and Colonel Elfego MONZON, President of the Junta governing Guatemala. The main point of disagreement was the presidency of the Junta. The meetings were dead-locked and on the verge of breaking down. CASTILLO Armas had made arrangements to return to Chiquimula. Major OLIVA had already been sent back to Chiquimula with instructions to continue the march into Guatemala City by 1100 on 2 July if no agreement was reached and Colonel CASTILLO and his party were forced to remain in Salvador. Rumors at the time were that they would not be physically permitted to leave Salvador unless an agreement was reached.

Ambassador PEURIFOY arrived in San Salvador the morning of 1 July. The conferences got under way again but a very strained relationship existed. [] PBSUCCESS Officer, arrived in San Salvador the afternoon of 1 July and immediately contacted CASTILLO Armas and [] CASTILLO claimed they were in agreement except on the one point, the presidency of the Junta. [] was unhappy about the way the negotiations were proceeding. [] latest instructions from Headquarters were "to support CASTILLO Armas in every reasonable demand and to ultimate victory," and to assist Ambassador PEURIFOY in keeping the meetings from breaking down. The presidency of the Junta seemed a reasonable demand, and the position CASTILLO Armas should have in the new Junta. At 2300 on 1 July, [] met PEURIFOY and discussed the full situation, pointing out Colonel CASTILLO's position and the necessity to support the man we had backed throughout the whole operation. Ambassador PEURIFOY agreed, but claimed he had just received a phone call from the Secretary of State who strongly urged him to achieve an early agreement. That same night [] received a message informing him that the whole matter was now in the hands of the Department of State. [] informed Ambassador PEURIFOY that he was there to help the Ambassador in any way possible and asked what terms the Ambassador desired in the agreement. The Ambassador said that agreement should be reached on a five-man Junta composed of Colonel MONZON, Colonel CASTILLO, Lt. Colonel CRUZ, Lt. Colonel DUBOIS, and Major OLIVA, with Colonel MONZON as provisional president for a period of 15 days during which a permanent president would be elected.

[] departed immediately for the Palace and contacted CASTILLO Armas and [] After a short conversation, CASTILLO agreed to sign the agreement if that was the desire of the Group. [] was not so agreeable. He claimed that he would have no part in the signing of such a document. It was finally agreed that only the two Colonels would sign the agreement. This solved the problem of the signing, but [] still felt that they had won the battle and lost the peace. It was pointed out to [] that Ambassador PEURIFOY had assured Colonel CASTILLO that Colonel CRUZ was strictly a CASTILLO man and that, therefore, even if CASTILLO was not president, he still controlled a

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majority in the Junta and could call for the election of the president any time he desired. [] was not fully satisfied, but at three in the morning he and Carlos SALAZAR agreed to rewrite the terms of the agreement which had been very poorly drafted by MONZON's lawyers. After the document was rewritten, it was presented to MONZON's lawyers who disagreed on the phrasing of three points. Word was sent back to MONZON's lawyers in the other smoke-filled room of the palace to agree to the document as it was written or there would be no agreement. MONZON's lawyers sent word back that the document was acceptable. It was type-written in final form and signed at 0445 on 2 July 1954 at a formal ceremony attended by members of the diplomatic corps, members of the military missions, the Papal Nuncio, and many other dignitaries.

The same morning at 0800 Colonel CASTILLO departed for Chiquimula to check his forward command and explain the terms of the agreement to his field commanders who were most dissatisfied with the outcome of the meetings. Colonel CASTILLO convinced his officers that this was the best way to stop further bloodshed and bring peace to their country. The night of 2 July 1954, Colonel CASTILLO spent with his wife in Tegucigalpa, returning to San Salvador the following day to meet Ambassador PEURIFOY and Colonel MONZON for the flight to Guatemala City.

The new Junta was welcomed by what was reported to be the largest crowd ever to assemble for a public gathering in Guatemala City. There was no doubt that CASTILLO Armas was definitely the hero in the public's opinion.

The slow, tedious work of forming a new government commenced almost immediately. From the beginning it was certain that a five man Junta was unworkable and people were becoming restless because of the lack of action against the Communists. CASTILLO succeeded in getting the majority of his men in the ministerial posts, but a few MONZON appointments caused much alarm, especially the Minister of Agriculture. The situation was definitely becoming more chaotic and unrestful. Colonel GONZALES Segui, a MONZON man who headed the Guardia Civil, was permitting the Communists to go along unmolested. A public demonstration which might have resulted in violence, was being organized for 10 July to demand that CASTILLO Armas take over the presidency of the Junta. The shifting around of the governors in the provinces instead of appointing new ones was also causing much alarm.

In view of the above situation, [] met with Colonel CASTILLO, Major OLIVA, and [] in the early morning of 7 July. Colonel CASTILLO was told that he had until Friday, 9 July, to take over the presidency of the Junta and reduce the Junta to a workable size of three men. This meant obtaining the resignation of Colonels CRUZ and DUBOIS. In the meantime, the Ambassador and [] were talking to MONZON, CRUZ and DUBOIS. The arrangements were completed and by a unanimous vote CASTILLO Armas was elected permanent president on 8 July and the Junta was reduced to three men, Colonel CASTILLO, Colonel MONZON, and Major OLIVA.

During this period in which Colonel CASTILLO was being urged to take a strong stand and positive action, he claimed he was unable to do so because he did not control the army garrisons in Guatemala City. This was definitely one of the disadvantages which resulted from the holding up of CASTILLO Armas' force at Chiquimula and of the agreement at San Salvador. It also pointed up the disadvantage of having a temporary

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president who himself did not take strong action.

[] saw Colonel CASTILLO for the last time before departing Guatemala City on 12 July. The Colonel felt much more secure in his position, with the Army in the capital. He had just appointed Colonel NEIDERHEITMANN as Commander of the Base Militar and was in the process of appointing a new Chief of the Guardia Civil.

Colonel CASTILLO is not a strong man but with the right men in the right jobs and plenty of strong direction and guidance, which he is willing to take, he should be able to form a good, stable government.

II. Conclusions:

- A. That PBSUCCESS had fully achieved its objectives;
- B. That PBSUCCESS should be terminated.

THE END OF A SUCCESSFUL MISSION

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